

OCEANEERING INTERNATIONAL INC
Form 10-K
February 19, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2015

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 95-2628227
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

11911 FM 529 77041
Houston, Texas (Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:
Title of each class Name of each exchange on which registered
Common Stock, \$0.25 par value New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Aggregate market value of the voting stock held by nonaffiliates of the registrant computed by reference to the closing price of \$46.59 of the Common Stock on the New York Stock Exchange as of June 30, 2015, the last business day of the registrant's most recently completed second quarter: \$4.5 billion

Number of shares of Common Stock outstanding at February 12, 2016: 97,850,854.

Documents Incorporated by Reference:

Portions of the proxy statement relating to the registrant's 2016 annual meeting of shareholders, to be filed on or before April 29, 2016 pursuant to Regulation 14A of the Securities Exchange Act of 1934, are incorporated by reference to the extent set forth in Part III, Items 10-14 of this report.

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PART I

Item 1. Business.

GENERAL DEVELOPMENT OF BUSINESS

Oceaneering International, Inc. is a global oilfield provider of engineered services and products, primarily to the offshore oil and gas industry, with a focus on deepwater applications. Oceaneering also serves the defense, aerospace and commercial theme park industries. Oceaneering was organized as a Delaware corporation in 1969 out of the combination of three diving service companies founded in the early 1960s. Since our establishment, we have concentrated on the development and marketing of underwater services and products to meet customer needs requiring the use of advanced deepwater technology. We believe we are one of the world's largest underwater services contractors. The services and products we provide to the oil and gas industry include remotely operated vehicles, specialty subsea hardware, engineering and project management, subsea intervention services, including manned diving, survey and positioning services and asset integrity and nondestructive testing services. Our foreign operations, principally in the North Sea, Africa, Brazil, Australia and Asia, accounted for approximately 57% of our revenue, or \$1.8 billion, for the year ended December 31, 2015.

Our business segments are contained within two businesses – services and products provided to the oil and gas industry ("Oilfield") and all other services and products ("Advanced Technologies"). Our four business segments within the Oilfield business are Remotely Operated Vehicles ("ROVs"), Subsea Products, Subsea Projects and Asset Integrity. We report our Advanced Technologies business as one segment. Unallocated Expenses are expenses not associated with a specific business segment. These consist of expenses related to our incentive and deferred compensation plans, including restricted stock and bonuses, as well as other general expenses.

Oilfield. The primary focus of our Oilfield business over the last several years has been toward increasing our asset base and capabilities for providing services and products for deepwater offshore operations and subsea completions. During the past ten years, we have acquired businesses to expand and complement our product offerings. These include:

- Canadian manufacturer of clamp connectors, check valves and universal ball joints;
- Norwegian rental provider of specialized subsea dredging equipment, including ROV-deployed units, to the offshore oil and gas industry;
- Norwegian oilfield technology company specializing in providing subsea tooling services and plugging, abandonment and decommissioning of offshore oil and gas production platforms and subsea wellheads;
- Norwegian design and fabrication company specializing in subsea tools for the offshore oil and gas industry; and
- U.S.-based international provider of survey and positioning services.

ROVs. We provide ROVs, which are tethered submersible vehicles remotely operated from the surface, to customers in the oil and gas industry for drilling support and vessel-based services, including subsea hardware installation, construction, pipeline inspection, survey and facilities inspection, maintenance and repair. We design and build our new ROVs at in-house facilities, the largest of which is in Morgan City, LA. Should sufficient market demand and access to component parts exist, we believe we are capable of manufacturing over 50 ROVs per year. In 2015, we manufactured and added 16 ROVs to our fleet and retired 36. Our ROV fleet size was 315 at December 31, 2015, 336 at December 31, 2014 and 304 at December 31, 2013.

Subsea Products. We manufacture a variety of specialty subsea oilfield products. These encompass production control umbilicals, tooling and subsea work systems, installation and workover control systems ("IWOCS"), and subsea hardware.

While most of our products are sold, we also rent tooling and provide IWOCS and subsea service work systems as a service, including hydrate remediation, well stimulation, dredging and decommissioning.

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We provide various types of subsea umbilicals through our Umbilical Solutions division. Offshore operators use umbilicals to control subsea wellhead hydrocarbon flow rates, monitor downhole and wellhead conditions and perform chemical injection. Subsea umbilicals are also used to provide power and fluids to other subsea processing hardware, including pumps and gas separation equipment. We have an umbilical plant in Brazil with limited steel tube capability, a plant in Scotland capable of producing steel tube umbilicals, and a U.S. facility with additional capacity and the capability of producing steel tube umbilicals. We continue to invest in our plants to meet the requirements of the deepwater operations of our customers.

Subsea Projects. Our Subsea Projects segment consists of our subsea installation, inspection, maintenance and repair services, principally in the U.S. Gulf of Mexico and offshore Africa, utilizing a fleet of two owned and six long-term chartered dynamically positioned deepwater vessels with integrated high-specification work-class ROVs onboard, and four owned shallow water diving vessels, spot-chartered vessels and other assets. The dynamically positioned vessels are equipped with thrusters that allow them to maintain a constant position at a location without the use of anchors. They are used in the inspection, maintenance and repair of subsea facilities, pipeline or flowline tie-ins, pipeline crossings and installations. These vessels can carry and install coiled tubing or umbilicals required to bring subsea well completions into production (tie-back to production facilities). In 2015, we expanded our Subsea Projects service offerings through the acquisition of C & C Technologies, Inc. ("C&C"), as discussed below.

In 2012, we chartered a deepwater vessel, the Ocean Intervention III, for two years, with extension options for up to three additional years, and which we have extended to January 2017. We have also chartered an additional deepwater vessel, the Olympic Intervention IV, for an initial term of five years, which began in the third quarter of 2008, and which we have extended to July 2016. We outfitted each of these deepwater vessels with two of our high-specification work-class ROVs, and we have been utilizing these vessels to perform subsea hardware installation and inspection, maintenance and repair projects, and to conduct well intervention services in the U.S. Gulf of Mexico and offshore Angola. In 2012, we moved the Ocean Intervention III to Angola and also chartered the Bourbon Oceanteam 101 to work on a three-year field support contract for a unit of BP plc. We had extended the charter of the Bourbon Oceanteam 101 to January 2017. However, in early 2016, the customer exercised its right, under the field support services contract between us and the customer for work offshore Angola, to terminate its use of the Bourbon Oceanteam 101 at the end of May 2016. Under the terms of the contract, the costs incurred by us associated with the early release and demobilization of the vessel are expected to be reimbursed by the customer. Following the release of the vessel, we intend to redeliver it to the vessel supplier. Under the field support services contract, we have been supplying project management, engineering and the chartered vessels equipped with high-specification work-class ROVs. We also provide ROV tooling, asset integrity services and installation and workover control system services. We have also provided other chartered vessels and a barge on an as-requested basis from the customer.

In March 2013, we commenced a five-year charter for a Jones Act-compliant multi-service support vessel that we are using in the U.S. Gulf of Mexico. We have outfitted the vessel, which we have renamed the Ocean Alliance, with two of our high-specification work-class ROVs. In January 2015, we commenced a two-year multi-service vessel time charter agreement with a customer for the use of the Ocean Alliance in the U.S. Gulf of Mexico.

In December 2013, we commenced a three-year charter for the Normand Flower, a multi-service subsea marine support vessel. We have made modifications to the vessel, including reconfiguration to accommodate two of our high-specification work-class ROVs. We anticipate we will continue to use the vessel in the U.S. Gulf of Mexico to perform inspection, maintenance and repair projects and hardware installations. We have options to extend the charter for up to three additional years.

In November 2015, we commenced a two-year charter for the use of the Island Pride, a multi-service subsea marine support vessel. We have modified the vessel to enhance its service capabilities, including a reconfiguration to accommodate two of our high-specification work-class ROVs. We are using the vessel under a two-year contract to provide field support services off the coast of India for an oil and gas customer based in India. We have options to extend the charter for up to two additional years.

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We also charter or lease dynamically positioned vessels on a short-term basis.

In 2010, we acquired a vessel, which we renamed the Ocean Patriot, and we have converted it to a dynamically positioned saturation diving and ROV service vessel. We installed a 12-man saturation ("SAT") diving system and one work-class ROV on the vessel, and we placed the vessel into service in December 2011.

During the third quarter of 2013, we signed an agreement with a shipyard for the construction of a subsea support vessel, to be named the Ocean Evolution. We expect delivery of that vessel in the latter part of the fourth quarter of 2016. We intend for the vessel to be U.S.-flagged and documented with a coastwise endorsement by the U.S. Coast Guard. It is expected to have an overall length of 353 feet, a Class 2 dynamic positioning system, accommodations for 110 personnel, a helideck, a 250-ton active heave-compensated crane, and a working moonpool. We expect to outfit the vessel with two of our high specification work-class ROVs. The vessel will also be equipped with a satellite communications system capable of transmitting streaming video for real-time work observation by shore personnel. We anticipate the vessel will be used to augment our ability to provide subsea intervention services in the ultra-deep waters of the U.S. Gulf of Mexico. These services are required to perform inspection, maintenance and repair projects and hardware installations.

In 2015, we acquired C&C for approximately \$224 million. C&C is a global provider of ocean-bottom mapping services in deepwater utilizing customized autonomous underwater vehicles and provides marine construction surveys for both surface and subsea assets, as well as satellite-based positioning services for drilling rigs and seismic and construction vessels. C&C also provides land and near-shore survey services along the U.S. Gulf Coast and in Mexico, and performs shallow water conventional geophysical surveys in the U.S. Gulf of Mexico.

Asset Integrity. Through our Asset Integrity division, we provide asset integrity management, corrosion management, inspection, and non-destructive testing services, principally to customers in the oil and gas, power generation, and petrochemical industries. We perform these services on both onshore and offshore facilities, both topside and subsea. In December 2011, we purchased a Norwegian-based provider of inspection, maintenance, subsea engineering and field operations services, principally to the oil and gas industry.

General. During the last five years, we have also made several small acquisitions to add complementary technology or niche markets. We intend to continue our strategy of acquiring, as opportunities arise, additional assets or businesses, to improve our market position or expand into related service and product lines.

Advanced Technologies. Our Advanced Technologies provides engineering services and related manufacturing, principally to the U.S. Department of Defense, NASA and its prime contractors, and the commercial theme park industry.

FINANCIAL INFORMATION ABOUT SEGMENTS

For financial information about our business segments, please see the tables in Note 7 of the Notes to Consolidated Financial Statements in this report, which present revenue, income from operations, depreciation and amortization expense capital expenditures for 2015, 2014 and 2013, and identifiable assets, property and equipment and goodwill by business segment as of December 31, 2015 and 2014.

DESCRIPTION OF BUSINESS

Oilfield

Our Oilfield business consists of ROVs, Subsea Products, Subsea Projects and Asset Integrity.

ROVs. ROVs are tethered submersible vehicles remotely operated from the surface. We use our ROVs in the offshore oil and gas industry to perform a variety of underwater tasks, including drill support, vessel-based inspection, maintenance and repair, installation and construction support, pipeline inspection and surveys, and subsea production facility operation and maintenance. Work-

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class ROVs are outfitted with manipulators, sonar and video cameras, and can operate specialized tooling packages and other equipment or features to facilitate the performance of specific underwater tasks. At December 31, 2015, we owned 315 work-class ROVs. We believe we operate the largest fleet of ROVs in the world. We also believe we are the industry leader in providing ROV services for drill support, with an estimated 55% market share.

| ROV revenue: | Amount | Percent of | |
|--------------|----------------|---------------|---|
| | (in thousands) | Total Revenue | |
| 2015 | \$ 807,723 | 27 | % |
| 2014 | 1,069,022 | 29 | % |
| 2013 | 981,728 | 30 | % |

Subsea Products. We construct a variety of specialty subsea hardware to ISO 9001 quality requirements. These products include:

- various types of subsea umbilicals utilizing thermoplastic hoses and steel tubes, along with termination assemblies;
- tooling, ROV tooling and subsea work packages;
- production control equipment;
- installation and workover control systems;
- clamp connectors;
- pipeline connector and repair systems;
- subsea and topside control valves; and
- subsea chemical injection valves.

We market these products under the trade names Oceaneering Deepwater Technical Solutions (DTS), Oceaneering Intervention Engineering, Oceaneering IWOCS, Oceaneering Umbilical Solutions, Oceaneering Grayloc, Oceaneering Pipeline Connection & Repair Systems (PCRS), Oceaneering Rotator, Oceaneering NCA, Oceaneering Mechanica and Oceaneering GTO.

Offshore well operators use subsea umbilicals and production control equipment to control subsea wellhead hydrocarbon flow, monitor downhole and wellhead conditions and perform chemical injection. They are also used to provide power and fluids to other subsea processing hardware, including pumps and gas/oil separation equipment. ROV tooling provides an additional operational link between an ROV and permanently installed equipment located on the sea floor. Subsea work packages facilitate well and associated equipment intervention for the purposes of flow remediation and well stimulation.

| Subsea Products revenue: | Amount | Percent of | |
|--------------------------|----------------|---------------|---|
| | (in thousands) | Total Revenue | |
| 2015 | \$ 959,714 | 31 | % |
| 2014 | 1,238,746 | 34 | % |
| 2013 | 1,027,792 | 31 | % |

Subsea Projects. We perform subsea oilfield hardware installation and inspection, maintenance and repair services. We service deepwater projects with dynamically positioned vessels that typically have Oceaneering ROVs onboard. We service shallow water projects with our manned diving operation utilizing dive support vessels and saturation diving systems.

We perform subsea intervention and hardware installation services, principally in the U.S. Gulf of Mexico, offshore Angola and offshore India from two owned and six chartered multiservice deepwater vessels that have Oceaneering ROVs onboard. These services include: subsea well tie-backs; pipeline/flowline tie-ins and repairs; pipeline crossings; umbilical and other subsea equipment installations; subsea intervention; and inspection, maintenance and repair activities.

We provide ocean-bottom mapping services in deepwater, utilizing customized autonomous underwater vehicles and marine construction surveys for both surface and subsea assets, as well as satellite-based positioning services for

drilling rigs and seismic and construction vessels.

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We service oil and gas industry shallow water projects in the U.S. Gulf of Mexico and offshore Angola with our manned diving operation utilizing the traditional diving techniques of air, mixed gas and saturation diving, all of which use surface-supplied breathing gas. We supply our diving services from four owned diving support vessels and other vessels and facilities. We do not use traditional diving techniques in water depths greater than 1,000 feet.

| Subsea Projects revenue: | Amount | Percent of | |
|--------------------------|----------------|---------------|---|
| | (in thousands) | Total Revenue | |
| 2015 | \$ 604,484 | 20 | % |
| 2014 | 588,572 | 16 | % |
| 2013 | 509,440 | 15 | % |

Asset Integrity. Through our Asset Integrity division, we offer a wide range of asset integrity services to customers worldwide to help ensure the safety of their facilities onshore and offshore, while reducing their unplanned maintenance and repair costs. We also provide third-party inspections to satisfy contractual structural specifications, internal safety standards or regulatory requirements. We provide these services principally to customers in the oil and gas, petrochemical and power generation industries. In the U.K., we provide Independent Inspection Authority services for the oil and gas industry, which includes first-pass integrity evaluation and assessment and nondestructive testing services. We use a variety of technologies to perform pipeline inspections, both onshore and offshore.

| Asset Integrity revenue: | Amount | Percent of | |
|--------------------------|----------------|---------------|---|
| | (in thousands) | Total Revenue | |
| 2015 | \$ 372,957 | 12 | % |
| 2014 | 500,237 | 14 | % |
| 2013 | 481,919 | 15 | % |

Advanced Technologies

Our Advanced Technologies segment provides engineering services and products principally to the U.S. Department of Defense, NASA and its contractors, and the commercial theme park industry. We work with our customers to understand their specialized requirements, identify and mitigate risks, and provide them value-added, maintainable, safe and certified solutions. The U.S. Navy is our largest customer in this segment, for whom we perform work primarily on surface ships and submarines.

We provide support for the U.S. Navy, including underwater operations, data analysis, development of ocean-related computer software, and the design and development of new underwater tools and systems. We also install and maintain mechanical systems for the Navy's submarines, surface ships, offshore structures and moorings. We provide products and services to NASA and aerospace contractors. Our U.S. Navy and NASA-related activities substantially depend on continued government funding.

| Advanced Technologies revenue: | Amount | Percent of | |
|--------------------------------|----------------|---------------|---|
| | (in thousands) | Total Revenue | |
| 2015 | \$ 317,876 | 10 | % |
| 2014 | 263,047 | 7 | % |
| 2013 | 286,140 | 9 | % |

MARKETING

Oilfield. Oil and gas exploration and development expenditures fluctuate from year to year. In particular, budgetary approval for more expensive drilling and production in deepwater, an area in which we have a high degree of focus, may be postponed or suspended during periods when exploration and production companies reduce their offshore capital spending.

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We market our ROVs, Subsea Products, Subsea Projects and Asset Integrity services and products to domestic, international and foreign national oil and gas companies engaged in offshore exploration, development and production. We also provide services and products as a subcontractor to other oilfield service companies operating as prime contractors. Customers for these services typically award contracts on a competitive-bid basis. These contracts are typically less than one year in duration, although we enter into multi-year contracts from time to time.

In connection with the services we perform in our Oilfield business, we generally seek contracts that compensate us on a dayrate basis. Under dayrate contracts, the contractor provides the ROV, vessel or equipment and the required personnel to operate the unit and compensation is based on a rate per day for each day the unit is used. The typical dayrate depends on market conditions, the nature of the operations to be performed, the duration of the work, the equipment and services to be provided, the geographical areas involved and other variables. Dayrate contracts may also contain an alternate, lower dayrate that applies when a unit is moving to a new site or when operations are interrupted or restricted by equipment breakdowns, adverse weather or water conditions or other conditions beyond the contractor's control. Some dayrate contracts provide for revision of the specified dayrates in the event of material changes in the cost of labor or specified items. Sales contracts for our products are generally for a fixed price.

Advanced Technologies. We market our marine services and related engineering services to government agencies, major defense contractors, NASA and NASA contractors, and to theme park and other commercial customers outside the energy sector.

Major Customers. Our top five customers in 2015, 2014 and 2013 accounted for 38%, 40% and 40%, respectively, of our consolidated revenue. All of our top five customers were oil and gas exploration and production companies served by our Oilfield business segments. During each of 2015, 2014 and 2013, revenue from one customer, BP plc and subsidiaries, accounted for 18% of our total consolidated annual revenue.

While we do not depend on any one customer, the loss of one of our significant customers could, at least on a short-term basis, have an adverse effect on our results of operations and cash flows.

RAW MATERIALS

Most of the raw materials we use in our manufacturing operations, such as steel in various forms, copper, electronic components and plastics, are available from many sources. However, some components we use to manufacture subsea umbilicals are available from limited sources. With the exception of certain kinds of steel tube, where we are limited in the number of available suppliers, we can offer alternative materials or technologies in many cases, which depends on the requisite approval of our customers. While we have experienced some level of difficulty in obtaining certain kinds of steel tube in the past due to global demand outstripping capacity, an increase in supplier capacity, coupled with a drop in global demand, has resolved this issue, and we believe the situation is unlikely to recur in the near future. Additionally, the availability of certain grades of aramid fibers, which we use in the manufacture of our thermoplastic umbilicals, has been limited from time to time due to demand for military use. Presently, we are not experiencing such a shortage, and we do not anticipate a shortage in the foreseeable future.

COMPETITION

Our businesses operate in highly competitive industry segments.

Oilfield

We are one of several companies that provide underwater services and specialty subsea hardware on a worldwide basis. We compete for contracts with companies that have worldwide operations, as well as numerous others operating locally in various areas. We believe that our ability to provide a wide range of underwater services and products on a worldwide basis enables us to compete effectively in the oilfield exploration and development market. In some cases involving projects that require less sophisticated equipment, small companies have been able to bid for contracts at prices uneconomical to us. Additionally, in some jurisdictions we are subject to foreign governmental regulations favoring or requiring the awarding of contracts to local contractors or requiring foreign

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contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. These regulations may adversely affect our ability to compete.

ROVs. We believe we are the world's largest owner/operator of work-class ROVs employed in oil and gas related operations. At December 31, 2015, we owned 315 work-class ROVs, and we estimate that this represented approximately 31% of the work-class ROVs utilized in the oilfield service industry. We compete with several major companies on a worldwide basis and with numerous others operating locally in various areas.

Competition for ROV services historically has been based on equipment availability, location of or ability to deploy the equipment, quality of service and price. The relative importance of these factors can vary over time based on market conditions. The ability to develop improved equipment and techniques and to train and retain skilled personnel is also an important competitive factor in our markets. Demand for ROVs has been decreasing since mid 2014 due to the low oil price environment, and our margins have decreased in recent periods due to lower utilization and pricing pressure, as price has become a more important factor in the current low oil price environment.

Subsea Products. There are many competitors offering specialized products. We are one of several companies that compete on a worldwide basis for the provision of thermoplastic and steel tube subsea control umbilicals, and compared to current and forecasted market demand, we are faced with overcapacity in the umbilical manufacturing market.

Subsea Projects. We perform subsea intervention and hardware installation services, principally in the U.S. Gulf of Mexico and offshore Angola, from two owned and six chartered multiservice deepwater vessels. We are one of many companies that offer these services. In general, our competitors can move their vessels to where we operate from other locations with relative ease. We also have many competitors that supply commercial diving services to the oil and gas industry in the U.S. Gulf of Mexico. Our survey and positioning services are similarly competitive.

Asset Integrity. The worldwide asset integrity and inspection markets consist of a wide range of inspection and certification requirements in many industries. We compete in only selected portions of this market. We believe that our broad geographic sales and operational coverage, long history of operations, technical reputation, application of various pipeline inspection technologies and accreditation to international quality standards enable us to compete effectively in our selected asset integrity and inspection services market segments.

Advanced Technologies

Engineering services is a very broad market with a large number of competitors. We compete in specialized areas in which we can combine our extensive program management experience, mechanical engineering expertise and the capability to continue the development of conceptual project designs into the manufacture of custom equipment for customers.

SEASONALITY AND BACKLOG

We generate a material amount of our consolidated revenue from contracts for services in the U.S. Gulf of Mexico in our Subsea Projects segment, which is usually more active in the second and third quarters, as compared to the rest of the year. The European operations of our Asset Integrity segment are also seasonally more active in the second and third quarters. Revenue in our ROV segment is subject to seasonal variations in demand, with our first quarter generally being the low quarter of the year. The level of our ROV seasonality depends on the number of ROVs we have engaged in vessel-based subsea infrastructure inspection, maintenance, repair and installation, which is more seasonal than drilling support. Revenue in each of our Subsea Products and Advanced Technologies segments has generally not been seasonal.

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The amounts of backlog orders we believed to be firm as of December 31, 2015 and 2014 were as follows (in millions):

| | As of December 31, 2015 | | As of December 31, 2014 | |
|-----------------------|-------------------------|---------|-------------------------|----------|
| | Total | 1 + yr* | Total | 1 + yr* |
| Oilfield | | | | |
| ROVs | \$ 890 | \$ 459 | \$ 1,415 | \$ 738 |
| Subsea Products | 652 | 189 | 690 | 105 |
| Subsea Projects | 376 | 46 | 362 | 33 |
| Asset Integrity | 427 | 211 | 533 | 346 |
| Total Oilfield | 2,345 | 905 | 3,000 | 1,222 |
| Advanced Technologies | 170 | 39 | 167 | 8 |
| Total | \$ 2,515 | \$ 944 | \$ 3,167 | \$ 1,230 |

* Represents amounts that were not expected to be performed within one year.

No material portion of our business is subject to renegotiation of profits or termination of contracts by the U.S. government.

PATENTS AND LICENSES

We currently hold a number of U.S. and foreign patents and have numerous pending patent applications. We have acquired patents and licenses and granted licenses to others when we have considered it advantageous for us to do so. Although in the aggregate our patents and licenses are important to us, we do not regard any single patent or license or group of related patents or licenses as critical or essential to our business as a whole. In general, we depend on our technological capabilities and the application of know-how rather than patents and licenses in the conduct of our operations.

REGULATION

Our operations are affected from time to time and in varying degrees by foreign and domestic political developments and foreign, federal and local laws and regulations, including those relating to:

- operating from and around offshore drilling, production and marine facilities;
- national preference for local equipment and personnel;
- marine vessel safety;
- protection of the environment;
- workplace health and safety;
- taxation of earnings;
- license requirements for exportation of our equipment and technology; and
- currency conversion and repatriation.

In addition, our Oilfield business depends on the demand for our products and services from the oil and gas industry and, therefore, is affected by changing taxes, price controls and other laws and regulations relating to the oil and gas industry generally. The adoption of laws and regulations curtailing offshore exploration and development drilling for oil and gas for economic and other policy reasons would adversely affect our operations by limiting demand for our services. We cannot determine the extent to which new legislation, new regulations or changes in existing laws or regulations may affect our future operations.

Our operations and properties are subject to a wide variety of increasingly complex and stringent foreign, federal, state and local environmental laws and regulations, including those governing discharges into the air and water, the handling and disposal of solid and hazardous wastes, the

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remediation of soil and groundwater contaminated by hazardous substances and the health and safety of employees. Sanctions for noncompliance may include revocation of permits, corrective action orders, administrative or civil penalties and criminal prosecution. Some environmental laws provide for strict, joint and several liability for remediation of spills and other releases of hazardous substances, as well as damage to natural resources. In addition, companies may be subject to claims alleging personal injury or property damage as a result of alleged exposure to hazardous substances. These laws and regulations may also expose us to liability for the conduct of or conditions caused by others, or for our acts that were in compliance with all applicable laws at the time such acts were performed.

Environmental laws and regulations that apply to our operations include the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Clean Air Act, the Clean Water Act, the Resource Conservation and Recovery Act (each, as amended) and similar laws that provide for responses to, and liability for, releases of hazardous substances into the environment. Environmental laws and regulations also include similar foreign, state or local counterparts to the above-mentioned federal laws, which regulate air emissions, water discharges, hazardous substances and waste, and require public disclosure related to the use of various hazardous substances. Our operations are also governed by laws and regulations relating to workplace safety and worker health, primarily, in the United States, the Occupational Safety and Health Act and regulations promulgated thereunder.

Compliance with federal, state and local provisions regulating the discharge of materials into the environment or relating to the protection of the environment has not had a material impact on our capital expenditures, earnings or competitive position. We cannot predict all of the environmental requirements or circumstances that will exist in the future but anticipate that environmental control and protection standards will become increasingly stringent and costly. Based on our experience to date, we do not currently anticipate any material adverse effect on our business or consolidated financial position, results of operations or cash flows as a result of future compliance with existing environmental laws and regulations. However, future events, such as changes in existing laws and regulations or their interpretation, more vigorous enforcement policies of regulatory agencies, or stricter or different interpretations of existing laws and regulations, may require additional expenditures by us, which may be material. Accordingly, there can be no assurance that we will not incur significant environmental compliance costs in the future.

Our quality management systems are registered as being in conformance with ISO 9001:2000 and cover:

- all our Oilfield products and services in the United Kingdom and Norway;
- our Remotely Operated Vehicle operations in the Gulf of Mexico, Brazil, Canada and Indonesia;
- our Asset Integrity operations in the Western Hemisphere and Abu Dhabi;
- our Subsea Projects operations, except for shallow water diving;
- our Subsea Products segment; and
- the Oceaneering Space Systems, Oceaneering Technologies, Entertainment and Marine Services units of our Advanced Technologies segment.

ISO 9001 is an internationally recognized system for quality management established by the International Standards Organization, and the 2000 edition emphasizes customer satisfaction and continual improvement.

EMPLOYEES

As of December 31, 2015, we had approximately 11,000 employees. Our workforce varies seasonally and peaks during the second and third quarters. We consider our relations with our employees to be satisfactory.

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FINANCIAL INFORMATION ABOUT GEOGRAPHIC AREAS

For financial information about our geographic areas of operation, please see the tables in Note 7 of the Notes to Consolidated Financial Statements in this report, which present revenue for 2015, 2014 and 2013 and long-lived assets as of December 31, 2015 and 2014 attributable to each of our major geographic areas. For a discussion of risks attendant to our foreign operations, see the discussion in Item 1A, "Risk Factors" under the heading "Our international operations involve additional risks not associated with domestic operations."

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

We are including the following discussion to inform our existing and potential security holders generally of some of the risks and uncertainties that can affect our company and to take advantage of the "safe harbor" protection for forward-looking statements that applicable federal securities law affords.

From time to time, our management or persons acting on our behalf make forward-looking statements to inform existing and potential security holders about our company. These statements may include projections and estimates concerning the timing and success of specific projects and our future orders, revenue, income and capital spending. Forward-looking statements are generally accompanied by words such as "estimate," "plan," "project," "predict," "believe," "expect," "anticipate," "plan," "forecast," "budget," "goal," "may," "should," or other words that convey the uncertainty of future events or outcomes. In addition, sometimes we will specifically describe a statement as being a forward-looking statement and refer to this cautionary statement.

In addition, various statements this report contains, including those that express a belief, expectation or intention are forward-looking statements. Those forward-looking statements appear in Part I of this report in Item 1 – "Business," Item 2 – "Properties" and Item 3 – "Legal Proceedings" and in Part II of this report in Item 7 – "Management's Discussion and Analysis of Financial Condition and Results of Operations," Item 7A – "Quantitative and Qualitative Disclosures About Market Risk" and in the Notes to Consolidated Financial Statements incorporated into Item 8 and elsewhere in this report. These forward-looking statements speak only as of the date of this report, we disclaim any obligation to update these statements, and we caution you not to rely unduly on them. We have based these forward-looking statements on our current expectations and assumptions about future events. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. These risks, contingencies and uncertainties relate to, among other matters, the following:

- worldwide demand for and prices of oil and gas;
- changes in, or our ability to comply with, government regulations, including those relating to the environment;
- the continued availability of qualified personnel;
- general economic and business conditions and industry trends;
- the volatility and uncertainties of credit markets;
- the highly competitive nature of our businesses;
- decisions about offshore developments to be made by oil and gas exploration, development and production companies;
- cancellations of contracts, change orders and other contractual modifications and the resulting adjustments to our backlog;
- collections from our customers;
- the use of subsea completions and our ability to capture associated market share;
- the strength of the industry segments in which we are involved;
- the levels of oil and gas production to be processed by the Medusa field production spar platform;
- our future financial performance, including availability, terms and deployment of capital;
- the consequences of significant changes in currency exchange rates;
- changes in tax laws, regulations and interpretation by taxing authorities;

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our ability to obtain raw materials and parts on a timely basis and, in some cases, from limited sources;
operating risks normally incident to offshore exploration, development and production operations;
hurricanes and other adverse weather and sea conditions;
cost and time associated with drydocking of our vessels;
adverse outcomes from legal or regulatory proceedings;
the risks associated with integrating businesses we acquire;
rapid technological changes; and
social, political, military and economic situations in foreign countries where we do business and the possibilities of civil disturbances, war, other armed conflicts or terrorist attacks.

We believe the items we have outlined above are important factors that could cause our actual results to differ materially from those expressed in a forward-looking statement made in this report or elsewhere by us or on our behalf. We have discussed most of these factors in more detail elsewhere in this report. These factors are not necessarily all the factors that could affect us. Unpredictable or unanticipated factors we have not discussed in this report could also have material adverse effects on actual results of matters that are the subject of our forward-looking statements. We do not intend to update our description of important factors each time a potential important factor arises. We advise our security holders that they should (1) be aware that important factors we do not refer to above could affect the accuracy of our forward-looking statements and (2) use caution and common sense when considering our forward-looking statements.

AVAILABLE INFORMATION

Our Web site address is www.oceaneering.com. We make available through this Web site under "Investor Relations — SEC Financial Reports," free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, amendments to those reports and Section 16 filings by our directors and executive officers as soon as reasonably practicable after we, or our executive officers or directors, as the case may be, electronically file those materials with, or furnish those materials to, the SEC. You may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. You may obtain information regarding the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a Web site, www.sec.gov, which contains reports, proxy and other information statements, and other information regarding issuers that file electronically with the SEC.

We have adopted, and posted on our Web site: our corporate governance guidelines; a code of ethics for our Chief Executive Officer and Senior Financial Officers; and charters for the Audit, Nominating and Corporate Governance and Compensation Committees of our Board of Directors.

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EXECUTIVE OFFICERS OF THE REGISTRANT

Executive Officers. The following information relates to our executive officers as of February 17, 2016:

| NAME | AGE | POSITION | OFFICER SINCE | EMPLOYEE SINCE |
|--------------------|-----|--|---------------|----------------|
| M. Kevin McEvoy | 65 | Chief Executive Officer and Director | 1990 | 1979 |
| Roderick A. Larson | 49 | President | 2012 | 2012 |
| Clyde W. Hewlett | 61 | Chief Operating Officer | 2004 | 1988 |
| Marvin J. Migura | 65 | Senior Vice President | 1995 | 1995 |
| Alan R. Curtis | 50 | Senior Vice President and Chief Financial Officer | 2014 | 1995 |
| W. Cardon Gerner | 61 | Senior Vice President and Chief Accounting Officer | 2006 | 2006 |
| David K. Lawrence | 56 | Senior Vice President, General Counsel and Secretary | 2012 | 2005 |
| Martin J. McDonald | 52 | Senior Vice President, Remotely Operated Vehicles | 2016 | 1989 |
| Stephen P. Barrett | 58 | Senior Vice President, Subsea Products | 2015 | 2015 |
| Kevin F. Kerins | 61 | Senior Vice President, Underwater Vehicle Technologies | 2006 | 1978 |
| Knut Eriksen | 65 | Senior Vice President, Business Development | 2010 | 2010 |

Each executive officer serves at the discretion of our Chief Executive Officer and our Board of Directors and is subject to reelection or reappointment each year after the annual meeting of our shareholders. We do not know of any arrangement or understanding between any of the above persons and any other person or persons pursuant to which he was selected or appointed as an officer.

Business Experience. The following summarizes the business experience of our executive officers. Except where we otherwise indicate, each of these persons has held his current position with Oceaneering for at least the past five years. M. Kevin McEvoy, Chief Executive Officer, 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 to the additional office of Chief Operating Officer in February 2010, and became President and Chief Executive Officer and a director of Oceaneering in May 2011.

Roderick A. Larson joined Oceaneering in May 2012 as Senior Vice President and Chief Operating Officer and became President in February 2015. Mr. Larson previously held positions with Baker Hughes Incorporated from 1990 until he joined Oceaneering, serving most recently as President, Latin America Region from January 2011. Previously, he served as Vice President of Operations, Gulf of Mexico Region from 2009 to 2011, Gulf Coast Area Manager from 2007 to 2009, and Special Projects Leader Technical Training Task from 2006 to 2007.

Clyde W. Hewlett, Chief Operating Officer, has extensive experience in the offshore and subsea oilfield markets. He joined Oceaneering in 1988 and has held increasingly responsible positions. He has served as our Vice President of Mobile Offshore Production Systems, Vice President of Subsea Projects, Senior Vice President of Subsea Projects and Senior Vice President, Subsea Services. He was promoted to his current position in August 2015.

Marvin J. Migura, Senior Vice President, joined Oceaneering in 1995 as Senior Vice President and Chief Financial Officer and was appointed Executive Vice President in May 2011. Effective December 31, 2015, he relinquished his position as Executive Vice President and will continue to serve as a Senior Vice President, reporting to Chief Executive Officer M. Kevin McEvoy, and intends to remain a part of the executive management team at least through the end of 2016. From 1975 to 1994, he held various financial positions with Zapata Corporation, then a diversified energy services company, most recently as Senior Vice President and Chief Financial Officer from 1987 to 1994.

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Alan R. Curtis, Senior Vice President and Chief Financial Officer, joined Oceaneering in 1995 as the Financial and Operations Controller for our Subsea Products segment, and became Vice President and Controller of Subsea Products in 2013 and Senior Vice President, Operations Support in 2014. He was appointed to his current position in August 2015. He is a Certified Public Accountant and Chartered Global Management Accountant.

W. Cardon Gerner, Senior Vice President and Chief Accounting Officer, joined Oceaneering in 2006 as Vice President and Chief Accounting Officer, and became a Senior Vice President in August 2011 and served as our Chief Financial Officer from that date until August 2015. From 1999 to 2006, he held various financial positions with Service Corporation International, a global provider of death-care services, serving as Vice President Accounting from 2002 to 2006. He also served as Senior Vice President and Chief Financial Officer of Equity Corporation International from 1995 to 1999. He is a Certified Public Accountant.

David K. Lawrence, Senior Vice President, General Counsel and Secretary, joined Oceaneering in 2005 as Assistant General Counsel. He was appointed Associate General Counsel effective January 2011, Vice President, General Counsel and Secretary in January 2012 and to his current position in February 2014. He has over 20 years experience as in-house counsel in the oilfield products and services industry and manufacturing.

Martin J. McDonald, Senior Vice President, Remotely Operated Vehicles, joined Oceaneering in 1989. He has held a variety of domestic and international positions of increasing responsibility in our ROV segment and most recently served as Vice President and General Manager for our ROV operations in the Eastern Hemisphere from 2006 until being appointed to his current position effective January 2016.

Stephen P. Barrett, Senior Vice President, Subsea Products, joined Oceaneering in July 2015, and is responsible for Oceaneering's manufactured products and integrated solutions businesses. Prior to joining Oceaneering, he served at FMC Technologies beginning in 1982, progressing through a variety of engineering, sales and marketing, and general management roles. His last three roles at FMC Technologies were Western Region Subsea General Manager, Global Subsea Products Director and Global Subsea Services Director.

Kevin F. Kerins, Senior Vice President, Underwater Vehicle Technologies, joined Oceaneering in 1978. Since 1978, he has held a variety of positions of responsibility in ROV operations, marketing and administration in various geographic locations. He was appointed Vice President, Eastern Region ROVs in 2003, Vice President and General Manager, ROVs in 2006, Senior Vice President, ROVs in 2009 and to his current position effective January 2016.

Knut Eriksen joined Oceaneering in April 2010 as Senior Vice President, Subsea Products and was appointed to his current position in January 2014. He has over 30 years experience in the oilfield products and services industry, including serving as Senior Vice President, Global Execution from 2006 to 2009 with NATCO Group Inc., which was acquired by Cameron International Corporation. The majority of his business experience is in deepwater engineering and offshore projects, and he previously held positions such as President of Engineering for Aker Maritime and Senior Vice President and head of Aker Kvaerner's Gulf of Mexico Deepwater Business Unit, both of which are now part of Aker Solutions ASA.

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Item 1A. Risk Factors.

We are subject to various risks and uncertainties in the course of our business. The following summarizes significant risks and uncertainties that may materially and adversely affect our business, financial condition, results of operations or cash flows and the market value of our securities. Investors in our company should consider these matters, in addition to the other information we have provided in this report and the documents we incorporate by reference. We derive most of our revenue from companies in the offshore oil and gas industry, a historically cyclical industry with levels of activity that are significantly affected by the levels and volatility of oil and gas prices.

We derive most of our revenue from customers in the offshore oil and gas exploration, development and production industry. The offshore oil and gas industry is a historically cyclical industry characterized by significant changes in the levels of exploration and development activities. Oil and gas prices, and market expectations of potential changes in those prices, significantly affect the levels of those activities. Worldwide political, economic and military events have contributed to oil and gas price volatility and are likely to continue to do so in the future. Since the beginning of the currently ongoing, substantial decline in the price of oil, many oil and gas companies made significant reductions in their capital expenditures in 2015 and have announced further reductions in their capital expenditures budgets for 2016, which are adversely impacting demand for the products and services provided by our Oilfield business. Any prolonged reduction in the overall level of offshore oil and gas exploration and development activities, whether resulting from changes in oil and gas prices or otherwise, could materially and adversely affect our financial condition and results of operations in our segments within our Oilfield business. Some factors that have affected and are likely to continue affecting oil and gas prices and the level of demand for our services and products include the following:

- worldwide demand for oil and gas;
- general economic and business conditions and industry trends;
- the ability of the Organization of Petroleum Exporting Countries, or OPEC, to set and maintain production levels;
- the level of production by non-OPEC countries, including U.S. shale oil;
- the ability of oil and gas companies to generate funds for capital expenditures;
- domestic and foreign tax policy;
- laws and governmental regulations that restrict exploration and development of oil and gas in various offshore jurisdictions;
- technological changes;
- the political environment of oil-producing regions;
- the price and availability of alternative fuels; and
- overall economic conditions.

Our operations could be adversely impacted by the effects of new regulations.

During 2010, the U.S. government established new regulations relating to the design of wells and testing of the integrity of wellbores, the use of drilling fluids, the functionality and testing of well control equipment, including blowout preventers, and other safety and environmental regulations. In addition, the U.S. government is requiring that operators demonstrate their compliance with those regulations before commencing deepwater drilling operations. Changes in laws or regulations regarding offshore oil and gas exploration and development activities, the cost or availability of insurance and the impacts of these factors on decisions by customers or other industry participants could further reduce demand for our services, which would have a negative impact on our operations.

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Our international operations involve additional risks not associated with domestic operations.

A significant portion of our revenue is attributable to operations in foreign countries. These activities accounted for approximately 57% of our consolidated revenue in 2015. Risks associated with our operations in foreign areas include risks of:

- regional and global economic downturns;
- disturbances or other risks that may limit or disrupt markets;
- expropriation, confiscation or nationalization of assets;
- renegotiation or nullification of existing contracts;
- foreign exchange restrictions;
- foreign currency fluctuations, particularly in countries highly dependent on oil revenue;
- foreign taxation, including the application and interpretation of tax laws;
- the inability to repatriate earnings or capital;
- changing political conditions;
- changing foreign and domestic monetary policies; and

• social, political, military and economic situations in foreign areas where we do business and the possibilities of civil disturbances, war, other armed conflict, terrorist attacks or acts of piracy.

Additionally, in some jurisdictions we are subject to foreign governmental regulations favoring or requiring the awarding of contracts to local contractors or requiring foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. These regulations may adversely affect our ability to compete.

Our exposure to the risks we described above varies from country to country. In recent periods, political instability and civil unrest in Africa, particularly Nigeria, have been our greatest concerns. There is a risk that a continuation or worsening of these conditions could materially and adversely impact our future business, operations, financial condition and results of operations. Of our total consolidated revenue for 2015, we generated approximately 22% from our operations in Africa.

Foreign exchange risks and fluctuations may affect our profitability on certain projects.

We operate on a worldwide basis with substantial operations outside the U.S. that subject us to U.S. dollar translation and economic risks. In order to manage some of the risks associated with foreign currency exchange rates, we may enter into foreign currency derivative (hedging) instruments, especially when there is currency risk exposure that is not naturally mitigated via our contracts. However, these actions may not always eliminate all currency risk exposure, in particular for our long-term contracts. A disruption in the foreign currency markets, including the markets with respect to any particular currencies, could adversely affect our hedging instruments and subject us to additional currency risk exposure. Based on fluctuations in currency, the U.S. dollar value of our backlog may from time to time increase or decrease significantly. We do not enter into derivative instruments for trading or other speculative purposes. Our operational cash flows and cash balances, though predominately held in U.S. dollars, may consist of different currencies at various points in time in order to execute our contracts globally. Non-U.S. asset and liability balances are subject to currency fluctuations when measured period to period for financial reporting purposes in U.S. dollars.

Our backlog is subject to unexpected adjustments and cancellations and is, therefore, an uncertain indicator of our future revenues and earnings.

There can be no assurance that the revenues included in our backlog will be realized or, if realized, will result in profits. Because of project cancellations or potential changes in the scope or schedule of our customers' projects, we cannot predict with certainty when or if backlog will be realized. Material delays, suspensions, cancellations or payment defaults could materially affect our financial condition, results of operations and cash flows. We may be at greater risk of delays, suspensions and cancellations in the current low oil price environment.

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Reductions in our backlog due to cancellation by a customer or for other reasons would adversely affect, potentially to a material extent, the revenues and earnings we actually receive from contracts included in our backlog. Many of our ROV contracts have 30-day notice termination clauses. Some of the contracts in our backlog provide for cancellation fees in the event customers cancel projects. These cancellation fees usually provide for reimbursement of our out-of-pocket costs, revenues for work performed prior to cancellation and a varying percentage of the profits we would have realized had the contract been completed. We typically have no contractual right upon cancellation to the total contract revenues as reflected in our backlog. In early 2016, a customer (a unit of BP plc) exercised its right, under the field support services contract between us and the customer for work offshore Angola, to terminate its use of the Bourbon Oceanteam 101 at the end of May 2016. Under the terms of the contract, the costs incurred by us associated with the early release and demobilization of the vessel are expected to be reimbursed by the customer. Following the release of the vessel, we intend to redeliver it to the vessel owner. If we experience significant additional project terminations, suspensions or scope adjustments to contracts reflected in our backlog, our financial condition, results of operations and cash flows may be adversely impacted.

A global financial crisis could impact our business and financial condition in ways that we currently cannot predict. A recurrence of the credit crisis and related turmoil in the global financial system that occurred in 2008 and 2009 could have an impact on our business and our financial condition. In particular, the cost of capital increased substantially while the availability of funds from the capital markets diminished significantly. Although the capital markets have recovered, in a recurrence, our ability to access the capital markets in the future could be restricted or be available only on terms we do not consider favorable. Limited access to the capital markets could adversely impact our ability to take advantage of business opportunities or react to changing economic and business conditions and could adversely impact our ability to continue our growth strategy. Ultimately, we could be required to reduce our future capital expenditures substantially. Such a reduction could have a material adverse effect on our business and our consolidated financial condition, results of operations and cash flows. A recurrence of such a global financial crisis could have further impacts on our business that we currently cannot predict or anticipate.

A global financial crisis or economic recession could have an impact on our suppliers and our customers, causing them to fail to meet their obligations to us, which could have a material adverse effect on our revenue, income from operations and cash flows.

If one or more of the lenders under our revolving credit facility were to become unable or unwilling to perform their obligations under that facility, our borrowing capacity could be reduced. Our inability to borrow under our revolving credit facility could limit our ability to fund our future operations and growth.

In addition, we maintain our cash balances and short-term investments in accounts held by major banks and financial institutions located primarily in North America, Europe, Africa and Asia, and some of those accounts hold deposits that exceed available insurance. It is possible that one or more of the financial institutions in which we hold our cash and investments could become subject to bankruptcy, receivership or similar proceedings. As a result, we could be at risk of not being able to access material amounts of our cash, which could result in a temporary liquidity crisis that could impede our ability to fund operations.

Employee, agent or partner misconduct or our overall failure to comply with laws or regulations could weaken our ability to win contracts, which could result in reduced revenues and profits.

Misconduct, fraud, non-compliance with applicable laws and regulations, or other improper activities by one or more of our employees, agents or partners could have a significant negative impact on our business and reputation. Such misconduct could include the failure to comply with the U.S. Foreign Corrupt Practices Act ("FCPA"), which prohibits companies and their intermediaries from making improper payments to non-U.S. officials, as well as the failure to comply with government procurement regulations, regulations on lobbying or similar activities, regulations pertaining to the internal controls over financial reporting and various other applicable laws or regulations, including

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the U.K. Bribery Act. We operate in some countries that international corruption monitoring groups have identified as having high levels of corruption. Our activities create the risk of unauthorized payments or offers of payments by one of our employees or agents that could be in violation of the FCPA or other applicable anti-corruption laws. The precautions we take to prevent and detect misconduct, fraud or non-compliance with applicable laws and regulations may not be effective, and we could face unknown risks or losses. Our failure to comply with applicable laws or regulations or acts of misconduct could subject us to fines, penalties or other sanctions, which could have a material adverse effect on our business and our consolidated financial condition, results of operations and cash flows. Our business strategy contemplates future acquisitions. Acquisitions of other businesses or assets present various risks and uncertainties.

We may pursue growth through the acquisition of businesses or assets that will enable us to broaden our product and service offerings and expand into new markets. We may be unable to implement this element of our growth strategy if we cannot identify suitable businesses or assets, reach agreement on potential strategic acquisitions on acceptable terms or for other reasons. Moreover, acquisitions involve various risks, including:

- difficulties relating to the assimilation of personnel, services and systems of an acquired business and the assimilation of marketing and other operational capabilities;
- challenges resulting from unanticipated changes in customer and other third-party relationships subsequent to acquisition;
- additional financial and accounting challenges and complexities in areas such as tax planning, treasury management, financial reporting and internal controls;
- assumption of liabilities of an acquired business, including liabilities that were unknown at the time the acquisition transaction was negotiated;
- possible liabilities under the FCPA and other anti-corruption laws;
- diversion of management's attention from day-to-day operations;
- failure to realize anticipated benefits, such as cost savings and revenue enhancements;
- potentially substantial transaction costs associated with acquisitions; and
- potential impairment resulting from the overpayment for an acquisition.

Future acquisitions may require us to obtain additional equity or debt financing, which may not be available on attractive terms. Moreover, to the extent an acquisition transaction financed by non-equity consideration results in goodwill, it will reduce our tangible net worth, which might have an adverse effect on credit availability.

Additionally, an acquisition may bring us into businesses we have not previously conducted and expose us to additional business risks that are different from those we have previously experienced.

Our business strategy also includes development and commercialization of new technologies to support our growth. The development and commercialization of new technologies require capital investment and involve various risks and uncertainties.

Our future growth will depend on our ability to continue to innovate by developing and commercializing new product and service offerings. Investments in new technologies involve varying degrees of uncertainties and risk. Commercial success depends on many factors, including the levels of innovation, the development costs and the availability of capital resources to fund those costs, the levels of competition from others developing similar or other competing technologies, our ability to obtain or maintain government permits or certifications, the effectiveness of production, distribution and marketing efforts, and the costs to customers to deploy and provide support for the new technologies. We may not achieve significant revenues from new product and service investments for a number of years, if at all. Moreover, new products and services may not be profitable, and, even if they are profitable, our operating margins from new products and services may not be as high as the margins we have experienced historically.

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The loss of the services of one or more of our key personnel, or our failure to attract, assimilate and retain trained personnel in the future, could disrupt our operations and result in loss of revenues.

Our success depends on the continued active participation of our executive officers and key operating personnel. The unexpected loss of the services of any one of these persons could adversely affect our operations.

Our operations require the services of employees having the technical training and experience necessary to obtain the proper operational results. As a result, if we should suffer any material loss of personnel to competitors or be unable to employ additional or replacement personnel with the requisite level of training and experience to adequately operate our equipment, our operations could be adversely affected. A significant increase in the wages paid by other employers could result in a reduction in our workforce, increases in wage rates, or both.

We may not be able to compete successfully against current and future competitors.

Our businesses operate in highly competitive industry segments. Some of our competitors or potential competitors have greater financial or other resources than we have. Our operations may be adversely affected if our current competitors or new market entrants introduce new products or services with better features, performance, prices or other characteristics than those of our products and services. This factor is significant to our segments' operations, particularly in the segments within our Oilfield business, where capital investment is critical to our ability to compete.

We rely on intellectual property law and confidentiality agreements to protect our intellectual property. We also rely on intellectual property we license from third parties. Our failure to protect our intellectual property rights, or our inability to obtain or renew licenses to use intellectual property of third parties, could adversely affect our business. Our success depends, in part, on our ability to protect our proprietary information and other intellectual property. Our intellectual property could be challenged, invalidated, circumvented or rendered unenforceable. In addition, effective intellectual property protection may be limited or unavailable in some foreign countries where we operate.

Our failure to protect our intellectual property rights may result in the loss of valuable technologies or adversely affect our competitive business position. We rely significantly on proprietary technology, information, processes and know-how that are not subject to patent or copyright protection. We seek to protect this information through trade secret or confidentiality agreements with our employees, consultants, subcontractors or other parties, as well as through other security measures. These agreements and security measures may be inadequate to deter or prevent misappropriation of our confidential information. In the event of an infringement of our intellectual property rights, a breach of a confidentiality agreement or divulgence of proprietary information, we may not have adequate legal remedies to protect our intellectual property. Litigation to determine the scope of intellectual property rights, even if ultimately successful, could be costly and could divert management's attention away from other aspects of our business. In addition, our trade secrets may otherwise become known or be independently developed by competitors. In some instances, we have augmented our technology base by licensing the proprietary intellectual property of third parties. In the future, we may not be able to obtain necessary licenses on commercially reasonable terms.

Our information technology systems are subject to interruption and cybersecurity risks that could adversely impact our operations.

We continue to evaluate potential replacements or upgrades of existing key information technology systems. The implementation of new information technology systems or upgrades to existing systems subjects us to inherent costs and risks associated with replacing or changing these systems, including potential disruption of our internal control structure, substantial capital expenditures, demands on management time and other risks. Our possible new information technology systems implementations or upgrades may not result in productivity improvements at the levels anticipated,

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or at all. In addition, the implementation of new or upgraded information technology systems may cause disruptions in our business operations. Any such disruption, and any other information technology system disruptions, if not anticipated and appropriately mitigated, could have a material adverse effect on our operations.

Our operations (both onshore and offshore) are highly dependent on information technology systems. Threats to our information technology systems associated with cybersecurity risks and cyber incidents or attacks continue to grow. In addition, breaches to our systems could go unnoticed for some period of time. Risks associated with these threats include disruptions of certain systems on our vessels or utilized to operate our ROVs; other impairments of our ability to conduct our operations; loss of or damage to intellectual property, proprietary information or customer data; disruption of our customers' operations; loss or damage to our customer data delivery systems; and increased costs to prevent, respond to or mitigate cybersecurity incidents. If such a cyber-incident were to occur, it could have a material adverse effect on our business and our consolidated financial condition, results of operations and cash flows.

Our offshore oilfield operations involve a variety of operating hazards and risks that could cause losses.

Our operations are subject to the hazards inherent in the offshore oilfield business. These include blowouts, explosions, fires, collisions, capsizings and severe weather conditions. These hazards could result in personal injury and loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage and suspension of operations. We may incur substantial liabilities or losses as a result of these hazards. While we maintain insurance protection against some of these risks, and seek to obtain indemnity agreements from our customers requiring the customers to hold us harmless from some of these risks, our insurance and contractual indemnity protection may not be sufficient or effective to protect us under all circumstances or against all risks. The occurrence of a significant event not fully insured or indemnified against or the failure of a customer to meet its indemnification obligations to us could materially and adversely affect our results of operations and financial condition.

Laws and governmental regulations may add to our costs or adversely affect our operations.

Our business is affected by changes in public policy and by federal, state, local and foreign laws and regulations relating to the offshore oil and gas industry. Offshore oil and gas exploration and production operations are affected by tax, environmental, safety and other laws, by changes in those laws, application or interpretation of existing laws, and changes in related administrative regulations. It is also possible that these laws and regulations may in the future add significantly to our operating costs or those of our customers or otherwise directly or indirectly affect our operations.

Environmental laws and regulations can increase our costs, and our failure to comply with those laws and regulations can expose us to significant liabilities.

Risks of substantial costs and liabilities related to environmental compliance issues are inherent in our operations. Our operations are subject to extensive federal, state, local and foreign laws and regulations relating to the generation, storage, handling, emission, transportation and discharge of materials into the environment. Permits are required for the operation of various facilities, and those permits are subject to revocation, modification and renewal.

Governmental authorities have the power to enforce compliance with their regulations, and violations are subject to fines, injunctions or both. In some cases, those governmental requirements can impose liability for the entire cost of cleanup on any responsible party without regard to negligence or fault and impose liability on us for the conduct of or conditions others have caused, or for our acts that complied with all applicable requirements when we performed them. It is possible that other developments, such as stricter environmental laws and regulations, and claims for damages to property or persons resulting from our operations, would result in substantial costs and liabilities. Our insurance policies and the contractual indemnity protection we seek to obtain from our customers may not be sufficient or effective to protect us under all circumstances or against all risks involving compliance with environmental laws and regulations.

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Regulations related to “conflict minerals” could adversely impact our business.

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 contains provisions to improve transparency and accountability concerning the supply of certain minerals, known as conflict minerals, originating from the Democratic Republic of Congo and adjoining countries (collectively, the “Covered Countries”). The term “conflict minerals” encompasses tantalum, tin, tungsten (and their ores) and gold. These minerals can be found in a vast array of products, including ROVs, umbilicals and other products we manufacture.

In August 2012, pursuant to the Dodd-Frank Act, the SEC adopted annual disclosure and reporting requirements applicable to any company that files periodic public reports with the SEC, if any conflict minerals are necessary to the functionality or production of a product manufactured, or contracted to be manufactured, by that company. These requirements require us to conduct reasonable country-of-origin inquiries to determine if we know or have reason to believe that any conflict minerals necessary to the functionality or production of our manufactured products may have originated from any of the Covered Countries. If we are not able to determine that such conflict minerals did not originate from any of the Covered Countries or conclude that there is no reason to believe that such conflict minerals may have originated in any of the Covered Countries, we would be required to perform supply chain due diligence on members of our supply chain to determine, among other things, whether such conflict minerals financed or benefited armed groups. Annual reporting requirements, requiring us to describe our reasonable country-of-origin inquiries, our due diligence measures, the results of those activities and our related determinations, became applicable beginning in May 2014.

Because we have a highly complex, multi-layered supply chain, we may incur significant costs to comply with these requirements. In addition, these requirements could adversely affect the sourcing, supply and pricing of materials, including components, used in our products. We can provide no assurance that our suppliers (or suppliers to our suppliers) will be able or willing to provide all requested information or to take other steps necessary to ensure that no conflict minerals financing or benefiting armed groups are included in materials or components supplied to us for our manufacturing purposes. As there may be only a limited number of suppliers offering materials or components certified as “conflict free,” we cannot be sure that we will be able to obtain necessary materials or components from those suppliers in sufficient quantities or at competitive prices. We may face reputational challenges if we determine that certain of our products contain minerals not determined to be conflict free or if we are unable to sufficiently verify the origins for all conflict minerals necessary to the functionality or production of our manufactured products through the procedures we may implement. Also, we may encounter challenges to satisfy customers that may require all of the components of products purchased by them to be certified as conflict free. If we are not able to meet customer certification requirements, customers may choose to disqualify us as a supplier. In addition, since the applicability of the conflict minerals requirements is limited to companies that file periodic reports with the SEC, not all of our competitors will need to comply with these requirements unless they are imposed by customers. As a result, those competitors may have cost and other advantages over us.

Our internal controls may not be sufficient to achieve all stated goals and objectives.

Our internal controls and procedures were developed through a process in which our management applied its judgment in assessing the costs and benefits of such controls and procedures, which, by their nature, can provide only reasonable assurance regarding the control objectives. The design of any system of internal controls and procedures is based, in part, on various assumptions about the likelihood of future events. We cannot assure that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

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The use of estimates could result in future adjustments to our assets, liabilities and results of operations. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires that our management make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates. We may issue preferred stock whose terms could adversely affect the voting power or value of our common stock. Our certificate of incorporation authorizes us to issue, without the approval of our shareholders, one or more classes or series of preferred stock having such preferences, powers and relative, participating, optional and other rights, including preferences over our common stock respecting dividends and distributions, as our board of directors may determine. The terms of one or more classes or series of preferred stock could adversely impact the voting power or value of our common stock. For example, we might grant holders of preferred stock the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we might assign to holders of preferred stock could affect the residual value of the common stock.

Provisions in our corporate documents and Delaware law could delay or prevent a change in control of our company, even if that change would be beneficial to our shareholders.

The existence of some provisions in our corporate documents and Delaware law could delay or prevent a change in control of our company, even if that change would be beneficial to our shareholders. Our certificate of incorporation and bylaws contain provisions that may make acquiring control of our company difficult, including:

- provisions relating to the classification, nomination and removal of our directors;
- provisions regulating the ability of our shareholders to bring matters for action at annual meetings of our shareholders;
- provisions requiring the approval of the holders of at least 80% of our voting stock for a broad range of business combination transactions with related persons; and
- the authorization given to our board of directors to issue and set the terms of preferred stock.

In addition, the Delaware General Corporation Law imposes restrictions on mergers and other business combinations between us and any holder of 15% or more of our outstanding common stock.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

We maintain office, shop and yard facilities in various parts of the world to support our operations. We consider these facilities, which we describe below, to be suitable for their intended use. In these locations, we typically own or lease office facilities for our administrative and engineering staff, shops equipped for fabrication, testing, repair and maintenance activities and warehouses and yard areas for storage and mobilization of equipment to work sites. All sites are available to support any of our business segments as the need arises. The groupings that follow associate our significant offices with the primary business segment they serve.

Oilfield. In general, our Oilfield business segments share facilities. Our location in Morgan City, Louisiana consists of ROV manufacturing and training facilities, vessel docking facilities, open and covered warehouse space and offices. The Morgan City facilities primarily support operations in the United States. We have regional support offices for our North Sea, Africa, Brazil and Southeast Asia operations in: Aberdeen, Scotland; Stavanger and Bergen, Norway; Dubai, U.A.E.; Rio de Janeiro

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and Macaé, Brazil; Luanda, Angola; Perth, Australia; Kuala Lumpur, Malaysia; and Singapore. We also have operational bases in various other locations.

We use workshop and office space in Houston, Texas in our Subsea Products, Subsea Projects and Asset Integrity business segments. Our principal manufacturing facilities for our Subsea Products segment are located in or near: Houston, Texas; Panama City, Florida; Aberdeen and Rosyth, Scotland; Nodeland and Stavanger, Norway; Perth, Australia; Luanda, Angola; and Niterói and Macaé, Brazil. Each of these manufacturing facilities is suitable for its intended purpose and has sufficient capacity to respond to increases in demand for our subsea products that may be reasonably anticipated in the foreseeable future.

For a description of the vessels we use in our Subsea Projects operations, see the discussion in Item 1. "Business" under the heading "GENERAL DEVELOPMENT OF BUSINESS – Oilfield – Subsea Projects."

Advanced Technologies. Our primary facilities for our Advanced Technologies segment are leased offices and workshops in Hanover, Maryland. We have regional offices in Chesapeake, Virginia; Bremerton, Washington; Pearl Harbor, Hawaii; and San Diego, California, which support our services for the U.S. Navy. We also have an office in Orlando, Florida, which supports our commercial theme park animation activities, facilities in Utrecht, The Netherlands, to support robotic activities, and facilities in Houston, Texas, to support our space industry activities.

Item 3. Legal Proceedings.

On June 17, 2014, Peter L. Jacobs, a purported shareholder, filed a derivative complaint against all of the then-current members of our board of directors (John R. Huff, T. Jay Collins, Jerold J. DesRoche, D. Michael Hughes, Harris J. Pappas, Paul B. Murphy and M. Kevin McEvoy) and one of our former directors (David S. Hooker), as defendants, and our company, as nominal defendant, in the Court of Chancery of the State of Delaware. Through the complaint, the plaintiff is asserting, on behalf of our company, actions for breach of fiduciary duties and unjust enrichment in connection with prior determinations of our board of directors relating to nonexecutive director compensation. The plaintiff is seeking relief including disgorgement of payments made to the defendants, an award of unspecified damages and an award for attorneys' fees and other costs. We and the defendants filed a motion to dismiss the complaint and a supporting brief on September 5, 2014, asserting that the complaint failed to state a claim on which relief could be granted, and further that the plaintiff did not comply with procedural requirements necessary to allow him to commence litigation against certain directors on our behalf. The court has not yet ruled on that motion. In any event, our company is only a nominal defendant in this litigation, and we do not expect the resolution of this matter to have a material adverse effect on our results of operations, cash flows or financial position.

Various other actions and claims are pending against us, most of which are covered by insurance. Although we cannot predict the ultimate outcome of these matters, we believe the ultimate liability, if any, that may result from these other actions and claims will not materially affect our results of operations, cash flows or financial position.

In the ordinary course of business, we are subject to actions for damages alleging personal injury under the general maritime laws of the United States, including the Jones Act, for alleged negligence. We report actions for personal injury to our insurance carriers and believe that the settlement or disposition of those claims will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Item 4. Mine Safety Disclosures.

Not applicable.

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Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is listed on the New York Stock Exchange under the symbol OII. We submitted to the New York Stock Exchange during 2015 a certification of our Chief Executive Officer regarding compliance with the Exchange's corporate governance listing standards. We also included as exhibits to this annual report on Form 10-K, as filed with the SEC, the certifications of our principal executive officer and principal financial officer required under Section 302 of the Sarbanes-Oxley Act of 2002.

The following table sets out, for the periods indicated, the high and low sales prices for our common stock as reported on the New York Stock Exchange (consolidated transaction reporting system):

| | 2015 | | 2014 | |
|------------------------|---------|---------|---------|---------|
| | High | Low | High | Low |
| For the quarter ended: | | | | |
| March 31 | \$59.37 | \$48.37 | \$79.13 | \$66.00 |
| June 30 | 59.65 | 46.05 | 78.13 | 68.96 |
| September 30 | 46.86 | 37.00 | 79.05 | 62.86 |
| December 31 | 48.11 | 36.87 | 72.19 | 56.58 |

On February 12, 2016, there were 398 holders of record of our common stock. On that date, the closing sales price, as quoted on the New York Stock Exchange, was \$27.12. In 2015, we declared quarterly cash dividends of \$0.27 per share in each quarter. In 2014, we declared quarterly cash dividends of \$0.22 per share in the first quarter and \$0.27 per share in each of the second, third and fourth quarters. It is our intent to continue to pay a quarterly cash dividend; however, payment of future cash dividends will be at the discretion of our board of directors in accordance with applicable law, after taking into account various factors, including our financial condition, earnings, capital requirements, legal requirements, regulatory constraints, industry practice and any other factors that our board of directors believes are relevant.

In February 2010, our Board of Directors approved a program to repurchase up to 12 million shares of our common stock. Through December 31, 2014 under that program, we repurchased the 12 million shares of our common stock for \$677 million.

In December 2014, following completion of the February 2010 program, our Board of Directors approved a new share repurchase program under which we may repurchase up to 10 million shares of our common stock on a discretionary basis. The December 2014 program calls for the repurchases to be made in the open market, or in privately negotiated transactions from time to time, in compliance with applicable laws, rules and regulations, including Rule 10b-18 under the Securities Exchange Act of 1934, as amended, subject to market and business conditions, levels of available liquidity, cash requirements for other purposes, applicable legal requirements and other relevant factors. The timing and amount of any repurchases will be determined by management based on its evaluation of these factors. We expect that any shares repurchased under the new program will be held as treasury stock for future use. The new program does not obligate us to repurchase any particular number of shares. Under the new program, we had repurchased 2.0 million shares of our common stock for \$100 million through December 31, 2015. We did not repurchase any shares during the fourth quarter of 2015.

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EQUITY COMPENSATION PLAN INFORMATION

The following presents equity compensation plan information as of December 31, 2015:

| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights | Weighted-average exercise price of outstanding options, warrants and rights | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column) |
|--|---|---|---|
| Equity compensation plans approved by security holders | — | N/A | 1,567,855 |
| Equity compensation plans not approved by security holders | — | N/A | — |
| Total | — | N/A | 1,567,855 |

We had no outstanding options, warrants or rights at December 31, 2015.

At December 31, 2015, there were: (1) no shares of Oceaneering common stock under equity compensation plans not approved by security holders available for grant; and (2) 1,567,855 shares of Oceaneering common stock under equity compensation plans approved by security holders available for grant in the form of stock options, stock appreciation rights or stock awards. We have not granted any stock options since 2005 and the Compensation Committee of our Board of Directors has expressed its intention to refrain from using stock options as a component of employee compensation for our executive officers and other employees for the foreseeable future. Additionally, our Board of Directors has expressed its intention to refrain from using stock options as a component of nonemployee director compensation for the foreseeable future. For a description of the material features of our equity compensation arrangements, see the discussion in Note 8 of Notes to Consolidated Financial Statements under the heading "Incentive Plan."

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Item 6. Selected Financial Data.

The following table sets forth certain selected historical consolidated financial data and should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operation and our Consolidated Financial Statements and Notes included in this report. The following information may not be indicative of our future operating results.

Results of Operations:

| (in thousands, except per share amounts) | Year Ended December 31, | | | | |
|---|-------------------------|-------------|-------------|-------------|-------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Revenue | \$3,062,754 | \$3,659,624 | \$3,287,019 | \$2,782,604 | \$2,192,663 |
| Cost of services and products | 2,457,325 | 2,800,423 | 2,521,483 | 2,154,746 | 1,683,904 |
| Gross margin | 605,429 | 859,201 | 765,536 | 627,858 | 508,759 |
| Selling, general and administrative expense | 231,619 | 230,871 | 220,420 | 199,261 | 173,928 |
| Income from operations | \$373,810 | \$628,330 | \$545,116 | \$428,597 | \$334,831 |
| Net income | \$231,011 | \$428,329 | \$371,500 | \$289,017 | \$235,658 |
| Cash dividends declared per Share | \$1.08 | \$1.03 | \$0.84 | \$0.69 | \$0.45 |
| Diluted earnings per share | \$2.34 | \$4.00 | \$3.42 | \$2.66 | \$2.16 |
| Depreciation and amortization | \$241,235 | \$229,779 | \$202,228 | \$176,483 | \$151,227 |
| Capital expenditures, including business acquisitions | \$423,988 | \$426,671 | \$393,590 | \$309,858 | \$526,645 |

Other Financial Data:

| (dollars in thousands) | As of December 31, | | | | | |
|--|--------------------|-------------|-------------|-------------|-------------|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 | |
| Working capital ratio | 2.46 | 2.52 | 1.97 | 1.95 | 1.96 | |
| Working capital | \$901,537 | \$1,034,413 | \$706,187 | \$585,805 | \$482,747 | |
| Total assets | \$3,429,536 | \$3,504,940 | \$3,128,500 | \$2,768,118 | \$2,400,544 | |
| Long-term debt | \$795,836 | \$743,469 | \$— | \$94,000 | \$120,000 | |
| Shareholders' equity | \$1,578,734 | \$1,657,471 | \$2,043,440 | \$1,815,460 | \$1,557,962 | |
| Goodwill as a percentage of Shareholders' equity | 27 | % 20 | % 17 | % 20 | % 21 | % |

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Certain statements in this annual report on Form 10-K, including, without limitation, statements regarding the following matters, are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995:

- our business strategy;
- our plans for future operations;
- industry conditions;
- seasonality;
- our expectations about 2016 earnings per share and segment operating results, and the factors underlying those expectations, including our expectations about demand and pricing for our deepwater oilfield services and products as a result of the factors we specify in "Overview" and "Results of Operations" below;
- projections relating to floating rig demand and subsea tree installations;
- the adequacy of our liquidity and capital resources to support our operations and internally generated growth initiatives;
- our projected capital expenditures for 2016;
- our plans to add ROVs to our fleet;
- our intentions relating to the subsea support vessel scheduled for delivery in 2016;
- our expectations regarding deferred tax assets and our belief that our goodwill will not be impaired during 2016;
- the adequacy of our accruals for uninsured expected liabilities from workers' compensation, maritime employer's liability and general liability claims;
- our belief that our total unrecognized tax benefits will not significantly increase or decrease in the next 12 months;
- our anticipated tax rates and underlying assumptions;
- our expectations regarding shares repurchased under our share repurchase plan;
- our backlog; and
- our expectations regarding the effect of inflation in the near future.

These forward-looking statements are subject to various risks, uncertainties and assumptions, including those we refer to under the headings "CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS" and "Risk Factors" in Part I of this report. 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 have been correct. Accordingly, evaluation of our future prospects must be made with caution when relying on forward-looking information.

Overview

The table that follows sets out our revenue and operating results for 2015, 2014 and 2013.

| (dollars in thousands) | Year Ended December 31, | | | |
|------------------------|-------------------------|--------------|--------------|---|
| | 2015 | 2014 | 2013 | |
| Revenue | \$ 3,062,754 | \$ 3,659,624 | \$ 3,287,019 | |
| Gross Margin | 605,429 | 859,201 | 765,536 | |
| Gross Margin % | 20 | % 23 | % 23 | % |
| Operating Income | 373,810 | 628,330 | 545,116 | |
| Operating Income % | 12 | % 17 | % 17 | % |
| Net Income | 231,011 | 428,329 | 371,500 | |

Our business substantially depends on the level of spending on offshore developments by our customers in the oil and gas industry. During 2015, we generated approximately 90% of our revenue, and 98% of our operating income before Unallocated Expenses, from services and products

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we provided to the oil and gas industry. In 2015, our revenue decreased by 16%, with the larger percentage decreases occurring in our ROV, Subsea Products and Asset Integrity segments, which all decreased from lower oilfield activity in general resulting from the declining crude oil prices from mid 2014 through the date of this report. During 2015, we undertook initiatives to align our operations with current and anticipated declining activity and pricing levels. These initiatives required us to reduce our workforce, incur unusual expenses, and make certain accounting adjustments. The \$231 million consolidated net income we earned in 2015 was 46% less than the \$428 million we earned in 2014, and the \$2.34 earnings per diluted share was the lowest we made since 2011. The \$197 million decrease from 2014 net income was attributable to lower profit contributions from all of our operating segments, most notably:

- our ROV segment, which had \$128 million less operating income on \$261 million less revenue;
- our Subsea Products segment, which had \$106 million less operating income on \$279 million less revenue; and
- our Asset Integrity segment, which had \$37 million less operating income on \$127 million less revenue.

In 2015, we invested in the following capital projects:

- additions of capabilities in our Subsea Projects segment, including an acquisition of a survey and positioning company for \$224 million and \$43 million related to a new subsea support vessel scheduled for delivery in 2016;
- additions of and upgrades to our work-class ROVs; and
- expenditures in our Subsea Products segment, including growth of our tooling and installation and workover control systems capabilities.

In 2015, we exited the business of manufacturing subsea blow out preventer ("BOP") control systems.

We expect our 2016 diluted earnings per share to be less than the \$2.34 we made in 2015. With our limited market visibility resulting from the uncertain energy market, we are not providing earnings per share guidance for 2016. We anticipate lower global demand for deepwater drilling, field development, and inspection, maintenance and repair activities due to the current and anticipated low oil price environment, which has led to spending cuts from our customers and pricing pressure. Compared to 2015, in 2016 we are forecasting decreases in each of our oilfield operating business segments, most notably:

- ROVs on lower service demand to support drilling and vessel-based projects and reduced revenue per day;
- Subsea Products on lower demand to support field development projects; and
- Subsea Projects on lower deepwater vessel demand and diving activity offshore Angola.

We use our ROVs to provide drilling support, vessel-based inspection, maintenance and repair, subsea hardware installation, construction, and pipeline inspection services to customers in the oil and gas industry. The largest percentage of our ROVs has historically been used to provide drill support services. Therefore, the number of floating drilling rigs on hire is a leading market indicator for this business. The following table shows average floating rigs under contract and our ROV utilization.

| | 2015 | 2014 | 2013 |
|--|------|------|------|
| Average number of floating rigs under contract | 241 | 280 | 275 |
| ROV days on hire (in thousands) | 84 | 98 | 92 |
| ROV utilization | 69% | 83% | 85% |

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Demand for floating rigs is the primary leading indicator of the strength of the deepwater market. According to industry data published by IHS Petrodata, at the end of 2015, there were 309 floating drilling rigs in operation or available for work throughout the world, with 216 of those rigs under contract. Of the 216 rigs under contract, 137 are contracted through the end of 2016. Recent industry forecasts of floating rig demand point to an expectation that demand in 2016 will decline in the range of 15% to 20%, and that a further decline in demand in 2017 is probable. We anticipate that recently announced cuts in our customers' 2016 capital spending budgets will adversely affect our ROV demand.

In addition to floating rig demand, the number of subsea tree completions is another leading indicator, and the primary demand driver for our Subsea Products lines. According to industry data published by Quest Offshore Resources, Inc. in November 2015, there will be 287 subsea tree installations in 2016, down from 308 in 2015, 328 in 2014 and 330 in 2013. Subsea tree installations are forecast to decline to 273 in 2017. However, due to the recent declines in the price of crude oil, we believe some scheduled future subsea tree installations may be delayed.

Critical Accounting Policies and Estimates

We have based the following discussion and analysis of our financial condition and results of operations on our consolidated financial statements, which we have prepared in conformity with accounting principles generally accepted in the United States. These principles require us to make various estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the periods we present. We base our estimates on historical experience, available information and other assumptions we believe to be reasonable under the circumstances. On an ongoing basis, we evaluate our estimates; however, our actual results may differ from these estimates under different assumptions or conditions. The following discussion summarizes the accounting policies we believe (1) require our management's most difficult, subjective or complex judgments and (2) are the most critical to our reporting of results of operations and financial position.

Revenue Recognition. We recognize our revenue according to the type of contract involved. On a daily basis, we recognize revenue under contracts that provide for specific time, material and equipment charges, which we bill periodically, ranging from weekly to monthly.

We account for significant fixed-price contracts, which we enter into mainly in our Subsea Products segment, and to a lesser extent in our Subsea Projects and Advanced Technologies segments, using the percentage-of-completion method. In 2015, we accounted for 16% of our revenue using the percentage-of-completion method. In determining whether a contract should be accounted for using the percentage-of-completion method, we consider whether:

- the customer provides specifications for the construction of facilities or production of goods or for the provision of related services;
- we can reasonably estimate our progress towards completion and our costs;
- the contract includes provisions as to the enforceable rights regarding the goods or services to be provided, consideration to be received and the manner and terms of payment;
- the customer can be expected to satisfy its obligations under the contract; and
- we can be expected to perform our contractual obligations.

Under the percentage-of-completion method, we generally recognize estimated contract revenue based on costs incurred to date as a percentage of total estimated costs. Changes in the expected cost of materials and labor, productivity, scheduling and other factors affect the total estimated costs. Additionally, external factors, including weather or other factors outside of our control, may also affect the progress and estimated cost of a project's completion and, therefore, the timing of income and revenue recognition. We routinely review estimates related to our contracts and reflect revisions to profitability in earnings immediately. If a current estimate of total contract cost indicates an ultimate loss on a contract, we recognize the projected loss in full when we determine it. In prior years, we have recorded adjustments to earnings as a result of revisions to contract estimates. Although we are continually striving to accurately estimate our contract costs and profitability, adjustments to overall contract costs could be

significant in future periods.

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We recognize the remainder of our revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, price is fixed or determinable and collection is reasonably assured.

Property and Equipment and Long-lived Intangible Assets. We periodically and upon the occurrence of a triggering event review the realizability of our property and equipment and long-lived intangible assets to determine whether any events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. For long-lived assets to be held and used, we base our evaluation on impairment indicators such as the nature of the assets, the future economic benefits of the assets, any historical or future profitability measurements and other external market conditions or factors that may be present. If such impairment indicators are present or other factors exist that indicate that the carrying amount of an asset may not be recoverable, we determine whether an impairment has occurred through the use of an undiscounted cash flows analysis of the asset at the lowest level for which identifiable cash flows exist. If an impairment has occurred, we recognize a loss for the difference between the carrying amount and the fair value of the asset. For assets held for sale or disposal, the fair value of the asset is measured using fair market value less cost to sell. Assets are classified as held-for-sale when we have a plan for disposal of certain assets and those assets meet the held for sale criteria.

We charge the costs of repair and maintenance of property and equipment to operations as incurred, while we capitalize the costs of improvements that extend asset lives or functionality.

Goodwill. In our annual evaluation of goodwill for impairment, we first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, we determine it is more likely than not that the fair value of a reporting unit exceeds its carrying amount, performing the two-step impairment test is unnecessary. However, if we conclude otherwise, then we are required to perform the first step of the two-step impairment test. We estimate fair value of the reporting units using both an income approach, which considers a discounted cash flow model, and a market approach. Reductions in estimates of our future cash flows or adverse changes in market comparable information may result in goodwill impairments in the future. For reporting units with goodwill, we do not believe our goodwill will be impaired during 2016.

Loss Contingencies. We self-insure for workers' compensation, maritime employer's liability and comprehensive general liability claims to levels we consider financially prudent, and beyond the self-insurance level of exposure we carry insurance, which can be by occurrence or in the aggregate. We determine the level of accruals for claims exposure by reviewing our historical experience and current year claim activity. We do not record accruals on a present-value basis. We review larger claims with insurance adjusters and establish specific reserves for known liabilities. We establish an additional reserve for incidents incurred but not reported to us for each year using our estimates and based on prior experience. We believe we have established adequate accruals for uninsured expected liabilities arising from those obligations. However, it is possible that future earnings could be affected by changes in our estimates relating to these matters.

We are involved in various claims and actions against us, most of which are covered by insurance. Although we cannot predict the ultimate outcome of these matters, we believe that our ultimate liability, if any, that may result from those claims and actions will not materially affect our results of operations, cash flows or financial position.

Income Taxes. Our tax provisions are based on our expected taxable income, statutory rates and tax-planning opportunities available to us in the various jurisdictions in which we operate. Determination of taxable income in any jurisdiction requires the interpretation of the related tax laws. We are at risk that a taxing authority's final determination of our tax liabilities may differ from our interpretation. Our effective tax rate may fluctuate from year to year as our operations are conducted in different taxing jurisdictions, the amount of pre-tax income fluctuates, the amounts of foreign income we anticipate will be repatriated and our estimates regarding the realizability of items such as foreign tax credits may change. We consider \$641 million of unremitted earnings of our foreign subsidiaries to be indefinitely reinvested. We believe we have the ability to indefinitely

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reinvest these foreign earnings based on our expectations of profitability for our U.S. operations over the long term, our significant U.S. liquidity, and the amount of unremitted earnings of our foreign subsidiaries not considered indefinitely reinvested, for which we have provided deferred income taxes.

We account for any applicable interest and penalties on uncertain tax positions as a component of our provision for income taxes on our financial statements. Current income tax expense represents either nonresident withholding taxes or the liabilities expected to be reflected on our income tax returns for the current year, while the net deferred income tax expense or benefit represents the change in the balance of deferred tax assets or liabilities as reported on our balance sheet.

We establish valuation allowances to reduce deferred tax assets when it is more likely than not that some portion or all of the deferred tax assets will not be realized in the future. We currently have no valuation allowances. While we have considered estimated future taxable income and ongoing prudent and feasible tax-planning strategies in assessing the need for the valuation allowances, changes in these estimates and assumptions, as well as changes in tax laws, could require us to provide for valuation allowances for our deferred tax assets. These provisions for valuation allowances would impact our income tax provision in the period in which such adjustments are identified and recorded.

For a summary of our major accounting policies and a discussion of recently adopted accounting standards, please see Note 1 to our Consolidated Financial Statements.

Liquidity and Capital Resources

We consider our liquidity and capital resources adequate to support our operations and any growth initiatives. At December 31, 2015, we had working capital of \$902 million, including cash and cash equivalents of \$385 million. Additionally, we had \$500 million available through our revolving credit facility under a credit agreement (as amended, the "Credit Agreement"), which is scheduled to expire on October 25, 2020.

In October 2014, we entered into the Credit Agreement with a group of banks to replace our prior principal credit agreement. The Credit Agreement provides for a \$300 million three-year term loan (the "Term Loan Facility") and a \$500 million five-year revolving credit facility (the "Revolving Credit Facility"). Subject to certain conditions, the aggregate commitments under the Revolving Credit Facility may be increased to up to \$800 million at any time upon agreement between us and existing or additional lenders. Borrowings under the Revolving Credit Facility and the Term Loan Facility may be used for general corporate purposes. Simultaneously with the execution of the Credit Agreement and pursuant to its terms, we repaid all amounts outstanding under, and terminated, the prior credit agreement.

In November 2015, we entered into an Agreement and Amendment No. 1 to Credit Agreement (the "Amendment") to the Credit Agreement. The Amendment amended the Credit Agreement to (1) replace the maximum leverage ratio financial covenant with a new financial covenant restricting the maximum total capitalization ratio (defined in the Amendment to be the ratio of consolidated debt to total capitalization) to 55% and (2) extend the maturities of the Term Loan Facility and the Revolving Credit Facility by one year each, to October 27, 2018 and October 25, 2020, respectively, with the extending Lenders, which represent 93.75% of the existing commitments of the Lenders, such that (a) the total commitments for the Revolving Credit Facility will be \$500 million until October 25, 2019 and thereafter \$468.75 million until October 25, 2020, and (b) the outstanding term loan advances pursuant to the Term Loan Facility will be \$300 million until October 27, 2017 and thereafter \$281.25 million until October 27, 2018.

Borrowings under the Credit Agreement bear interest at an Adjusted Base Rate or the Eurodollar Rate (both as defined in the Credit Agreement), at our option, plus an applicable margin initially based on our Leverage Ratio (as defined in the Credit Agreement) and, at our election, based on ratings of our senior unsecured debt by designated ratings services, thereafter to be based on such debt ratings. The applicable margin varies: (1) in the case of advances bearing interest at the Adjusted Base Rate, from 0.125% to 0.750% for borrowings under the Revolving Credit Facility and

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from 0% to 0.500% for borrowings under the Term Loan Facility; and (2) in the case of advances bearing interest at the Eurodollar Rate, from 1.125% to 1.750% for borrowings under the Revolving Credit Facility and from 1.000% to 1.500% for borrowings under the Term Loan Facility. The Adjusted Base Rate is the highest of (1) the per annum rate established by the administrative agent as its prime rate, (2) the federal funds rate plus 0.50% and (3) the daily one-month LIBOR plus 1%. We pay a commitment fee ranging from 0.125% to 0.300% on the unused portion of the Revolving Credit Facility, depending on our Leverage Ratio. The commitment fees are included as interest expense in our consolidated financial statements.

The Credit Agreement contains various covenants that we believe are customary for agreements of this nature, including, but not limited to, restrictions on our ability and the ability of each of our subsidiaries to incur debt, grant liens, make certain investments, make distributions, merge or consolidate, sell assets, enter into transactions with affiliates and enter into certain restrictive agreements. We are also subject to a maximum total capitalization ratio of 55% as noted above. The Credit Agreement includes customary events of default and associated remedies. As of December 31, 2015, we were in compliance with all the covenants set forth in the Credit Agreement.

In November 2014, we completed the public offering of \$500 million aggregate principal amount of 4.650% Senior Notes due 2024 (the "Senior Notes"). We pay interest on the Senior Notes on May 15 and November 15 of each year, beginning on May 15, 2015. The Senior Notes are scheduled to mature on November 15, 2024. We may redeem some or all of the Senior Notes at specified redemption prices. We used the net proceeds from the offering for general corporate purposes, including funding the acquisition described below, other capital expenditures and repurchases of shares of our common stock.

Our maximum outstanding indebtedness during 2015 under the Credit Agreement and Senior Notes was \$800 million, and our total interest costs, including commitment fees, were \$25.4 million.

Our capital expenditures, including business acquisitions, for 2015, 2014 and 2013 were \$424 million, \$427 million and \$394 million, respectively. Our capital expenditures in 2015 included our acquisition of C & C Technologies, Inc. ("C&C") for approximately \$224 million. C&C is a global provider of ocean-bottom mapping services in deepwater utilizing customized autonomous underwater vehicles and provides marine construction surveys for both surface and subsea assets, as well as satellite-based positioning services for drilling rigs and seismic and construction vessels. C&C also provides land and near-shore survey services along the U.S. Gulf Coast and in Mexico, and performs shallow water conventional geophysical surveys in the U.S. Gulf of Mexico. In addition to the C&C acquisition, our capital expenditures in 2015 included: \$58 million for upgrading and expanding our ROV fleet; \$69 million in our Subsea Products segment, principally for growth of our tooling and installation and workover control systems capabilities; and \$52 million in our Subsea Projects segment, including \$43 million related to a new subsea support vessel scheduled for delivery in 2016. Our capital expenditures in 2014 included: \$189 million for upgrading and expanding our ROV fleet; \$113 million in our Subsea Products segment, principally for growth of our tooling and installation and workover control systems capabilities, expansion of our Houston manufacturing facilities and establishment of manufacturing capabilities in Angola; and \$92 million in our Subsea Projects segment, including \$40 million related to a new subsea support vessel scheduled for delivery in 2016. Our capital expenditures in 2013 included \$226 million for upgrading and expanding our ROV fleet and \$103 million in our Subsea Products segment, principally to increase the capabilities of our umbilical plants in the U.S. and Scotland and to expand our rental and service tooling hardware offerings.

For 2016, we expect our capital expenditures to be in the range of \$150 million to \$200 million, exclusive of business acquisitions. This estimate includes \$42 million in our Subsea Projects segment to complete the new-build subsea support vessel, the Ocean Evolution, scheduled for delivery in the latter part of the fourth quarter of 2016. During the third quarter of 2013, we signed an agreement with a shipyard for the construction of the Ocean Evolution. We intend for the vessel to be U.S.-flagged and documented with a coastwise endorsement by the U.S. Coast Guard. It is

expected to have an overall length of 353 feet, a Class 2 dynamic positioning system, accommodations for 110 personnel, a helideck, a 250-ton active heave-compensated crane, and a working moonpool. We expect to outfit the vessel with two of our high specification work-class

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ROVs. The vessel will also be equipped with a satellite communications system capable of transmitting streaming video for real-time work observation by shore personnel. We anticipate the vessel will be used to augment our ability to provide subsea intervention services in the U.S. Gulf of Mexico. These services are required to perform inspection, maintenance and repair projects and hardware installations.

Our capital expenditures during 2015, 2014 and 2013 included \$58 million, \$189 million and \$226 million, respectively, in our ROV segment, principally for additions and upgrades to our ROV fleet to expand the fleet and replace units we retired and for facilities infrastructure to support our growing ROV fleet size. We currently plan to add new ROVs only to meet contractual commitments. We added 16, 49 and 26 ROVs to our fleet and retired 36, 17 and 10 units during 2015, 2014 and 2013, respectively, and transferred one to our Advanced Technologies segment in each of 2015 and 2013, resulting in a total of 315 work-class systems in the fleet at December 31, 2015. We retired a greater number of ROVs in 2015 than in 2014 or 2013 due to market conditions and outlook.

In 2012, we chartered a deepwater vessel, the Ocean Intervention III, for two years, with extension options for up to three additional years, and which we have extended to January 2017. We have also chartered an additional deepwater vessel, the Olympic Intervention IV, for an initial term of five years, which began in the third quarter of 2008, and which we have extended to July 2016. We outfitted each of these deepwater vessels with two of our high-specification work-class ROVs, and we have been utilizing these vessels to perform subsea hardware installation and inspection, maintenance and repair projects, and to conduct well intervention services in the U.S. Gulf of Mexico and offshore Angola. In 2012, we moved the Ocean Intervention III to Angola and also chartered the Bourbon Oceanteam 101 to work on a three-year field support contract for a unit of BP plc. We had extended the charter of the Bourbon Oceanteam 101 to January 2017. However, in early 2016, the customer exercised its right, under the field support services contract between us and the customer for work offshore Angola, to terminate its use of the Bourbon Oceanteam 101 at the end of May 2016. Under the terms of the contract, the costs incurred by us associated with the early release and demobilization of the vessel are expected to be reimbursed by the customer. Following the release of the vessel, we intend to redeliver it to the vessel supplier. Under the field support services contract, we have been supplying project management, engineering and the chartered vessels equipped with high-specification work-class ROVs. We also provide ROV tooling, asset integrity services and installation and workover control system services. We have also provided other chartered vessels and a barge on an as-requested basis from the customer.

In March 2013, we commenced a five-year charter for a Jones Act-compliant multi-service support vessel that we are using in the U.S. Gulf of Mexico. We have outfitted the vessel, which we have renamed the Ocean Alliance, with two of our high-specification work-class ROVs. In January 2015, we commenced a two-year multi-service vessel time charter agreement with a customer for the use of the Ocean Alliance in the U.S. Gulf of Mexico.

In December 2013, we commenced a three-year charter for the Normand Flower, a multi-service subsea marine support vessel. We have made modifications to the vessel, including reconfiguration to accommodate two of our high-specification work-class ROVs. We anticipate we will continue to use the vessel in the U.S. Gulf of Mexico to perform inspection, maintenance and repair projects and hardware installations. We have options to extend the charter for up to three additional years.

In November 2015, we commenced a two-year charter for the use of the Island Pride, a multi-service subsea marine support vessel. We have modified the vessel to enhance its service capabilities, including a reconfiguration to accommodate two of our high-specification work-class ROVs. We are using the vessel under a two-year contract to provide field support services off the coast of India for an oil and gas customer based in India. We have options to extend the charter for up to two additional years.

As indicated above, the charter terms for two of our vessels expire in 2016, unless we choose to exercise an existing option or we negotiate new extension terms.

We also charter or lease dynamically positioned vessels on a short-term basis.

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Our principal source of cash from operating activities is our net income, adjusted for the non-cash expenses of depreciation and amortization, deferred income taxes and noncash compensation under our restricted stock plans. Our \$560 million, \$722 million and \$531 million of cash provided from operating activities in 2015, 2014 and 2013, respectively, were affected by cash increases/(decreases) of \$179 million, \$(8) million and \$(102) million, respectively, of changes in accounts receivable, \$59 million, \$66 million and \$(111) million, respectively, of changes in inventory and \$(45) million, \$(44) million and \$128 million, respectively, of changes in accounts payable and accrued liabilities. In 2015, our accounts receivable, inventory and accounts payable and accrued liabilities all decreased as a result of lower revenue and activity in general. The 2015 decrease in inventory included write-downs totaling \$26 million in our ROV and Subsea Products segments discussed below. In 2014, our inventory decreased as a result of the use of inventory in progressing and completing projects that had been in our Subsea Products backlog at December 31, 2013 and our expectation of lower Subsea Products demand in 2015 as compared to 2014. In 2013, the increases in accounts receivable and accounts payable and accrued liabilities reflect the increase in our revenue in 2013. The increase in inventory in 2013 is consistent with the increase in our backlog over 2012.

In 2015, we used a net of \$437 million in investing activities, with \$424 million used to fund the capital expenditures and business acquisitions described above. In 2014, we used a net of \$419 million in investing activities, with \$427 million used to fund the capital expenditures and business acquisitions described above. In 2013, we used a net of \$378 million in investing activities, with \$394 million used to fund the capital expenditures and business acquisitions described above.

In 2015, we used \$157 million in financing activities. We borrowed \$50 million, repurchased 2 million shares for \$100 million and paid cash dividends of \$106 million. In 2014, we generated \$45 million in financing activities. We borrowed \$742 million, net of associated expenses and debt discount, repurchased 8.9 million shares for \$590 million and paid cash dividends of \$110 million. In 2013, we used \$180 million in financing activities, principally for repayment against our revolving credit facility of \$94 million and the payment of cash dividends of \$91 million. In February 2010, our Board of Directors approved a program to repurchase up to 12 million shares of our common stock. In 2014, we completed the purchase of the shares authorized under that program by repurchasing the remaining 8.9 million shares for \$590 million. The total cost for the repurchase of the 12 million shares of our common stock was \$677 million.

In December 2014, following completion of the February 2010 program, our Board of Directors approved a new share repurchase program under which we may repurchase up to 10 million shares of our common stock on a discretionary basis. The December 2014 program calls for the repurchases to be made in the open market, or in privately negotiated transactions from time to time, in compliance with applicable laws, rules and regulations, including Rule 10b-18 under the Securities Exchange Act of 1934, as amended, subject to market and business conditions, levels of available liquidity, cash requirements for other purposes, applicable legal requirements and other relevant factors. The timing and amount of any repurchases will be determined by management based on its evaluation of these factors. We expect that any shares repurchased under the new program will be held as treasury stock for future use. The new program does not obligate us to repurchase any particular number of shares. Through December 31, 2015 under the new program, we repurchased 2 million shares of our common stock for \$100 million.

As of December 31, 2015, we retained 13.0 million of the shares we had repurchased. We expect to hold the shares repurchased for future use.

Because of our significant foreign operations, we are exposed to currency fluctuations and exchange rate risks. We generally minimize these risks primarily through matching, to the extent possible, revenue and expense in the various currencies in which we operate. Cumulative translation adjustments as of December 31, 2015 relate primarily to our net investments in, including long-term loans to, our foreign subsidiaries. A stronger U.S. dollar against the U.K. pound sterling and the Norwegian kroner would result in lower operating income. See Item 7A – "Quantitative and Qualitative Disclosures About Market Risk."

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Results of Operations

Additional information on our business segments is shown in Note 7 of the Notes to Consolidated Financial Statements included in this report.

Oilfield. The table that follows sets out revenue and profitability for the business segments within our Oilfield business. In the ROV section of the table that follows, "Days available" includes all days from the first day that an ROV is placed in service until the ROV is retired. All days in this period are considered available days, including periods when an ROV is undergoing maintenance or repairs. Our ROVs do not have scheduled maintenance or repair that requires significant time when the ROVs are not available for utilization.

| (dollars in thousands) | Year Ended December 31, | | | |
|-----------------------------------|-------------------------|--------------|--------------|---|
| | 2015 | 2014 | 2013 | |
| Remotely Operated Vehicles | | | | |
| Revenue | \$ 807,723 | \$ 1,069,022 | \$ 981,728 | |
| Gross Margin | 227,330 | 361,466 | 328,031 | |
| Gross Margin % | 28 | % 34 | % 33 | % |
| Operating Income | 192,514 | 320,550 | 281,973 | |
| Operating Income % | 24 | % 30 | % 29 | % |
| Days available | 121,944 | 117,882 | 108,201 | |
| Days utilized | 83,838 | 98,302 | 91,618 | |
| Utilization % | 69 | % 83 | % 85 | % |
| Subsea Products | | | | |
| Revenue | 959,714 | 1,238,746 | 1,027,792 | |
| Gross Margin | 257,755 | 364,760 | 311,206 | |
| Gross Margin % | 27 | % 29 | % 30 | % |
| Operating Income | 175,585 | 281,239 | 231,050 | |
| Operating Income % | 18 | % 23 | % 22 | % |
| Backlog at end of period | 652,000 | 690,000 | 906,000 | |
| Subsea Projects | | | | |
| Revenue | 604,484 | 588,572 | 509,440 | |
| Gross Margin | 114,672 | 124,418 | 108,758 | |
| Gross Margin % | 19 | % 21 | % 21 | % |
| Operating Income | 92,034 | 107,852 | 93,865 | |
| Operating Income % | 15 | % 18 | % 18 | % |
| Asset Integrity | | | | |
| Revenue | 372,957 | 500,237 | 481,919 | |
| Gross Margin | 47,342 | 87,236 | 81,856 | |
| Gross Margin % | 13 | % 17 | % 17 | % |
| Operating Income | 18,235 | 55,469 | 55,243 | |
| Operating Income % | 5 | % 11 | % 11 | % |
| Total Oilfield | | | | |
| Revenue | \$ 2,744,878 | \$ 3,396,577 | \$ 3,000,879 | |
| Gross Margin | 647,099 | 937,880 | 829,851 | |
| Gross Margin % | 24 | % 28 | % 28 | % |
| Operating Income | 478,368 | 765,110 | 662,131 | |
| Operating Income % | 17 | % 23 | % 22 | % |

Historically, we built new ROVs to increase the size of our fleet in response to demand to support deepwater drilling and vessel-based inspection, maintenance and repair ("IMR") and installation

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work. In 2015, as a result of declining market conditions, we began building fewer ROVs, primarily to meet contractual commitments. These vehicles are designed for use around the world in water depths of 10,000 feet or more. We added 16, 49 and 26 ROVs in 2015, 2014 and 2013, respectively, while retiring 63 units over the three-year period and transferring two to our Advanced Technologies segment over that period. Our ROV fleet size was 315 at December 31, 2015, 336 at December 31, 2014 and 304 at December 31, 2013.

For 2015, our ROV revenue and operating income declined from 2014 from lower demand for drill support services and a reduction in average revenue per day across all our geographic areas of operation. ROV days on hire decreased by 15% and revenue per day on hire decreased 11%. In 2015 our ROV cost of services and products included inventory write-downs of \$15.7 million, restructuring expenses of \$7.2 million and ROV retirements resulting in write-offs of \$2.9 million. The inventory write downs were due to excess inventory, which we do not anticipate using given current and forecast market conditions. The restructuring expenses related to severance costs for incurred and designated future workforce reductions and costs associated with closing excess facilities. The write-offs were necessitated as a result of our retiring an unusually large number of ROVs in 2015 due to market prospects for these vehicles.

For 2014, our ROV revenue and operating income improved over 2013 from higher demand, particularly offshore Africa and in the U.S. Gulf of Mexico. ROV days on hire increased by 7% and revenue per day on hire increased 1%.

In 2013, our ROV general and administrative expenses included a charge of \$3.3 million to record an allowance for doubtful accounts related to a customer in Brazil that filed for restructuring under Brazilian bankruptcy law.

We anticipate ROV operating income to decrease in 2016 as a result of decreases in average revenue per day on hire and the number of days on hire for both drilling support and vessel-based services, attributable to the market conditions described under "Overview" above. We normally expect to retire, on average, 4% to 5% of our fleet on an annual basis, although we retired a greater number in 2015 due to market conditions.

Subsea Products revenue, operating income and margin were lower in 2015 than in 2014 due to lower demand and pricing for tooling and subsea hardware and lower umbilical plant throughput. Due to deteriorating market conditions, we wrote down Subsea Products inventory \$10.3 million in 2015, including \$9.0 million associated with our decision to cease manufacture of subsea BOP control systems. In 2015, Subsea Products also incurred the following charges:

- \$8.7 million of restructuring expenses;
- \$6.6 million of a non-current asset reserve; and
- \$4.8 million for an allowance for bad debts.

In our financial statements, these charges are reflected in our cost of services and products, except for the charge for the allowance for bad debts, which is reflected in general and administrative expenses. The restructuring expenses related to severance costs for incurred and designated future workforce reductions and costs associated with closing excess facilities. The charge for a non-current asset reserve related to prepaid non-income taxes based on consumption, and the charge amount is based on our estimate of the amount that will expire due to reduced activity going forward. The allowance for bad debts relates to a customer who has filed for bankruptcy and is unable to pay for a built umbilical.

Subsea Products revenue, operating income and margin were higher in 2014 than in 2013 from increased demand across our major product lines, led by tooling and umbilicals. Subsea Products revenue, operating income and margin were higher in 2013 than in 2012 from increased demand across our major product lines, principally for subsea hardware used in offshore field developments and for clamp connector systems.

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We anticipate our Subsea Products segment operating income in 2016 to be lower than in 2015 on a decline in pricing, reduced umbilical plant throughput and reduced demand for subsea hardware. Our Subsea Products backlog was \$652 million at December 31, 2015, approximately 6% lower than it was at December 31, 2014. The backlog decrease from 2014 was principally in tooling and subsea hardware.

Subsea Projects operating income declined slightly during 2015 on slightly higher revenue. The relatively better performance compared to the other oilfield segments was aided by an increase in international manned diving operations. The decline in operating income was due to lower deepwater vessel activity and market pricing offshore Angola and in the U.S. Gulf of Mexico.

Our 2014 revenue and operating income for Subsea Projects was higher than in 2013 on increased deepwater vessel service activity, including work associated with the Bourbon Evolution 803, a vessel we chartered on a short-term basis during 2014. We also commenced diving services offshore Angola in 2014. For 2016, we anticipate lower operating income resulting from lower deepwater demand and diving activity offshore Angola.

In 2015, our Asset Integrity operating income declined precipitously on lower global demand and pricing for inspection services. Asset Integrity results in 2015 include restructuring charges of \$6.4 million reflected in our cost of services and products. Our Asset Integrity results in 2014 were fairly comparable to those of 2013. We anticipate our 2016 operating income for Asset Integrity to be lower than in 2015 on continued lower global demand and pricing. Advanced Technologies. The table that follows sets out revenue and profitability for this segment.

| (dollars in thousands) | Year Ended December 31, | | | |
|------------------------|-------------------------|-----------|-----------|---|
| | 2015 | 2014 | 2013 | |
| Revenue | \$317,876 | \$263,047 | \$286,140 | |
| Gross Margin | 30,034 | 32,410 | 44,576 | |
| Gross Margin % | 9 | % 12 | % 16 | % |
| Operating Income | 9,689 | 13,230 | 24,954 | |
| Operating Income % | 3 | % 5 | % 9 | % |

Advanced Technologies operating income for 2015 was lower than that of 2014 due to execution issues on commercial theme park projects. Advanced Technologies operating income for 2014 was lower than that of 2013 on decreased activity on commercial theme park projects and vessel maintenance work for the U.S. Navy, and lower margins on the theme park work we did perform. We project an improvement in our Advanced Technologies operating income in 2016, due to the expected resolution of execution issues on commercial theme park projects that hampered our results in 2015 and 2014, and increased activity.

Unallocated Expenses. Our unallocated expenses, i.e., those not associated with a specific business segment, within gross margin consist of expenses related to our incentive and deferred compensation plans, including restricted stock and bonuses, as well as other general expenses. Our unallocated expenses within operating income consist of those within gross margin plus general and administrative expenses related to corporate functions.

The table that follows sets out our unallocated expenses.

| (dollars in thousands) | Year Ended December 31, | | | |
|------------------------|-------------------------|-------------|-------------|---|
| | 2015 | 2014 | 2013 | |
| Gross margin expenses | \$(71,704) | \$(111,089) | \$(108,891) |) |
| % of revenue | 2 | % 3 | % 3 | % |
| Operating expenses | (114,247) | (150,010) | (141,969) |) |
| % of revenue | 4 | % 4 | % 4 | % |

Our unallocated expenses have trended with the amounts of our incentive compensation expenses. Our unallocated gross margin and operating expenses decreased in 2015, due to lower compensation expenses related to the expected annual bonuses and valuation of performance units awarded under

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our incentive plan. We expect higher incentive plan compensation expenses in 2016, as 2015 included downward revisions of estimated expenses for the performance units outstanding under the incentive plan.

Other. The table that follows sets forth our financial statement items below the operating income line.

| (dollars in thousands) | Year Ended December 31, | | | |
|---|-------------------------|----------|----------|---|
| | 2015 | 2014 | 2013 | |
| Interest income | \$ 607 | \$ 293 | \$ 554 | |
| Interest expense, net of amounts capitalized | (25,050 |) (4,708 |) (2,194 |) |
| Equity earnings (loss) of unconsolidated affiliates | 2,230 | (51 |) 133 |) |
| Other income (expense), net | (15,336 |) (387 |) (1,273 |) |
| Provision for income taxes | 105,250 | 195,148 | 170,836 | |

In addition to interest on borrowings, interest expense includes amortization of loan costs, fees for lender commitments under our revolving credit agreement and fees for standby letters of credit and bank guarantees that banks issue on our behalf for performance bonds, bid bonds and self-insurance requirements.

Interest expense increased in 2015 over 2014 from higher average debt levels. Interest expense increased in 2014 compared to 2013 on higher average debt levels, including borrowings described under "Liquidity and Capital Resources" above. We capitalized \$2.4 million and \$0.7 million of interest in 2015 and 2014, respectively, associated with the new-build vessel described under "Liquidity and Capital Resources" above. We did not capitalize any interest in 2013.

Included in other income (expenses), net are foreign currency transaction gains/(losses) of \$(15.4) million, \$(0.5) million and \$0.1 million for 2015, 2014 and 2013, respectively. The losses in 2015 primarily related to Angola, which devalued its currency by 24% during 2015. In January 2016, Angola devalued its currency by an additional 13%. We estimate we will incur a foreign currency transaction loss of approximately \$6 million in the first quarter of 2016 as a result of the effect of this devaluation. We likely would incur further foreign currency exchange losses in Angola if further currency devaluations occur.

Our effective tax rate, including foreign, state and local taxes, was 31.3%, 31.3%, and 31.5% for 2015, 2014 and 2013, respectively, which included a combination of expiring statutes of limitations and the resolution of uncertain tax positions of \$1.3 million, \$0.9 million and \$0.7 million, respectively, related to certain liabilities for uncertain tax positions we recorded in prior years. The primary difference between our effective tax rates and the U.S. federal statutory rate of 35% reflects our intent to indefinitely reinvest in certain of our international operations. Therefore, we are no longer providing for U.S. taxes on a portion of our foreign earnings. We anticipate no material change to our effective tax rate in 2016.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, as defined by SEC rules.

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Contractual Obligations

At December 31, 2015, we had payments due under contractual obligations as follows:

(dollars in thousands)

| | Payments due by period | | | | |
|---|------------------------|-------------------|-------------------|------------------|-------------------|
| | Total | 2016 | 2017-2018 | 2019-2020 | After 2020 |
| Long-term Debt | \$ 800,000 | \$ — | \$ 300,000 | \$ — | \$ 500,000 |
| Vessel Charters | 137,925 | 97,579 | 40,346 | — | — |
| Other Operating Leases | 180,266 | 25,924 | 38,891 | 29,067 | 86,384 |
| Purchase Obligations | 242,683 | 241,426 | 1,000 | 237 | 20 |
| Other Long-term Obligations reflected on our Balance Sheet under GAAP | 64,641 | 1,554 | 3,257 | 3,411 | 56,419 |
| TOTAL | \$ 1,425,515 | \$ 366,483 | \$ 383,494 | \$ 32,715 | \$ 642,823 |

The vessel charter obligations in the table above do not include any optional extension periods.

At December 31, 2015, we had outstanding purchase order commitments totaling \$243 million, including approximately \$42 million for the construction of a new subsea support vessel scheduled for delivery in 2016.

In 2001, we entered into an agreement with our Chairman of the Board of Directors (the "Chairman") who was also then our Chief Executive Officer. That agreement was amended in 2006 and in 2008. Pursuant to the amended agreement, the Chairman relinquished his position as Chief Executive Officer in May 2006 and began his post-employment service period on December 31, 2006, which continued through August 15, 2011, during which service period the Chairman, acting as an independent contractor, agreed to serve as nonexecutive Chairman of our Board of Directors. The agreement provides the Chairman with post-employment benefits for ten years following August 15, 2011. The agreement also provides for medical coverage on an after-tax basis to the Chairman, his spouse and children for their lives. We recognized the net present value of the post-employment benefits over the expected service period. Our total accrued liabilities, current and long-term, under this post-employment benefit were \$5.1 million and \$5.7 million at December 31, 2015 and 2014, respectively.

Effects of Inflation and Changing Prices

Our financial statements are prepared in accordance with generally accepted accounting principles in the United States, using historical U.S. dollar accounting, or historical cost. Statements based on historical cost, however, do not adequately reflect the cumulative effect of increasing costs and changes in the purchasing power of the dollar, especially during times of significant and continued inflation.

In order to minimize the negative impact of inflation on our operations, we attempt to cover the increased cost of anticipated changes in labor, material and service costs, either through an estimate of those changes, which we reflect in the original price, or through price escalation clauses in our contracts. Inflation has not had a material effect on our revenue or income from operations in the past three years, and no such effect is expected in the near future.

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Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We are currently exposed to certain market risks arising from transactions we have entered into in the normal course of business. These risks relate to interest rate changes and fluctuations in foreign exchange rates. We do not believe these risks are material. We have not entered into any market risk sensitive instruments for speculative or trading purposes. We currently have one interest rate swap in place on \$100 million of the Senior Notes. See Note 6 of Notes to Consolidated Financial Statements included in this report for a description of this interest rate swap. We typically manage our exposure to interest rate changes through the use of a combination of fixed- and floating-rate debt. See Note 5 of Notes to Consolidated Financial Statements included in this report for a description of our revolving credit facility and interest rates on our borrowings. We believe significant interest rate changes would not have a material near-term impact on our future earnings or cash flows.

Because we operate in various oil and gas exploration and production regions in the world, we conduct a portion of our business in currencies other than the U.S. dollar. The functional currency for several of our international operations is the applicable local currency. A stronger U.S. dollar against the U.K. pound sterling and the Norwegian kroner would result in lower operating income. We manage our exposure to changes in foreign exchange rates principally through arranging compensation in U.S. dollars or freely convertible currency and, to the extent possible, by limiting compensation received in other currencies to amounts necessary to meet obligations denominated in those currencies. We use the exchange rates in effect as of the balance sheet date to translate assets and liabilities as to which the functional currency is the local currency, resulting in translation adjustments that we reflect as accumulated other comprehensive income or loss in the shareholders' equity section of our Consolidated Balance Sheets. We recorded adjustments of \$(119) million, \$(129) million and \$(71) million to our equity accounts in 2015, 2014 and 2013, respectively. Negative adjustments reflect the net impact of the strengthening of the U.S. dollar against various foreign currencies for locations where the functional currency is not the U.S. dollar. Conversely, positive adjustments reflect the effect of a weakening U.S. dollar.

We recorded foreign currency transaction gains (losses) of \$(15.4) million, \$(0.5) million and \$0.1 million that are included in Other income (expense), net in our Consolidated Statements of Income in 2015, 2014 and 2013, respectively. The losses in 2015 primarily relate to Angola, which devalued its currency by 24% during 2015. In January 2015, Angola devalued its currency by an additional 13%. We estimate we will incur a foreign currency transaction loss of approximately \$6 million in the first quarter of 2016 as a result of the effect of this devaluation. We likely would incur further foreign currency exchange losses in Angola if further currency devaluations occur.

Item 8. Financial Statements and Supplementary Data.

In this report, our consolidated financial statements and supplementary data appear following the signature page to this report and are incorporated into this item by reference.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

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Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

In accordance with Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), we carried out an evaluation, under the supervision and with the participation of management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of December 31, 2015 to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting that occurred during the quarter ended December 31, 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as that term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Our internal control over financial reporting is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America. We developed our internal control over financial reporting through a process in which our management applied its judgment in assessing the costs and benefits of various controls and procedures, which, by their nature, can provide only reasonable assurance regarding the control objectives. You should note that the design of any system of controls is based in part on various assumptions about the likelihood of future events, and we cannot assure you that any system of controls will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Under the supervision and with the participation of our management, including our principal executive, financial and accounting officers, we have conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). This evaluation included a review of the documentation surrounding our financial reporting controls, an evaluation of the design effectiveness of these controls, testing of the operating effectiveness of these controls and an evaluation of our overall control environment. Based on that evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2015.

Ernst & Young LLP, the independent registered public accounting firm that audited our financial statements, has audited our internal control over financial reporting, as stated in their report that follows.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Oceaneering International, Inc.

We have audited the internal control over financial reporting of Oceaneering International, Inc. and Subsidiaries (the "Company") as of December 31, 2015, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the "COSO criteria"). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, cash flows, and shareholders' equity for each of the three years in the period ended December 31, 2015, and our report dated February 19, 2016 expressed an unqualified opinion thereon.

Houston, Texas
February 19, 2016

/s/ ERNST & YOUNG LLP

Item 9B. Other Information.

None.

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Part III

Item 10. Directors, Executive Officers and Corporate Governance.

The information with respect to the directors and nominees for election to our Board of Directors is incorporated by reference from the section "Election of Directors" in our definitive proxy statement to be filed on or before April 29, 2016, relating to our 2016 Annual Meeting of Shareholders.

Information concerning our Audit Committee and the audit committee financial experts is incorporated by reference from the sections entitled "Corporate Governance" and "Committees of the Board – Audit Committee" in the proxy statement referred to in this Item 10. Information concerning our Code of Ethics is incorporated by reference from the section entitled "Code of Ethics" for the Chief Executive Officer and Senior Financial Officers in the proxy statement previously referred to in this Item 10.

The information with respect to our executive officers is provided under the heading "Executive Officers of the Registrant" following Item 1 of Part I of this report. There are no family relationships between any of our directors or executive officers.

The information with respect to the reporting by our directors and executive officers and persons who own more than 10% of our Common Stock under Section 16 of the Securities Exchange Act of 1934 is incorporated by reference from the section entitled "Section 16(a) Beneficial Ownership Reporting Compliance" in the proxy statement previously referred to in this Item 10.

Item 11. Executive Compensation.

The information required by Item 11 is incorporated by reference from the sections entitled "Compensation Committee Interlocks and Insider Participation," "Compensation Discussion and Analysis," "Report of the Compensation Committee," "Compensation of Executive Officers," and "Director Compensation" in the proxy statement referred to in Item 10 above.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by Item 12 is incorporated by reference from (1) the Equity Compensation Plan Information table appearing in Item 5 – "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities" in Part II of this report and (2) the section "Security Ownership of Management and Certain Beneficial Owners" in the proxy statement referred to in Item 10 above.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by Item 13 is incorporated by reference from the sections entitled "Corporate Governance" and "Certain Relationships and Related Transactions" in the proxy statement referred to in Item 10 above.

Item 14. Principal Accounting Fees and Services.

The information required by Item 14 is incorporated by reference from the section entitled "Ratification of Appointment of Independent Auditors – Fees Incurred for Audit and Other Services provided by Ernst & Young LLP" in the proxy statement referred to in Item 10 above.

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Part IV

Item 15. Exhibits, Financial Statement Schedules.

(a) Documents filed as part of this report.

1. Financial Statements:

(i) Report of Independent Registered Public Accounting Firm

(ii) Consolidated Balance Sheets

(iii) Consolidated Statements of Income

(iv) Consolidated Statements of Comprehensive Income

(v) Consolidated Statements of Cash Flows

(vi) Consolidated Statements of Shareholders' Equity

(vii) Notes to Consolidated Financial Statements

2. Financial Statement Schedules:

All schedules for which provision is made in the applicable regulations of the Securities and Exchange Commission have been omitted because they are not required under the relevant instructions or because the required information is not significant.

3. Exhibits:

| | | Registration or File Number | Form of Report | Report Date | Exhibit Number |
|--------|--|-----------------------------------|-------------------|-------------|-------------------|
| * 3.01 | Restated Certificate of Incorporation | 1-10945 | 10-K | Dec. 2000 | 3.01 |
| * 3.02 | Certificate of Amendment to Restated Certificate of Incorporation | 1-10945 | 8-K | May 2008 | 3.1 |
| * 3.03 | Certificate of Amendment to Restated Certificate of Incorporation | 1-10945 | 8-K | May 2014 | 3.1 |
| * 3.04 | Amended and Restated Bylaws | 1-10945 | 8-K | Aug. 2015 | 3.1 |
| * 4.01 | Specimen of Common Stock Certificate | 1-10945 | 10-K | Mar. 1993 | 4(a) |
| * 4.02 | Credit Agreement, dated as of October 27, 2014, by and among Oceaneering International, Inc., Wells Fargo Bank, National Association, as administrative agent and swing line lender, and certain lenders party thereto | 1-10945 | 8-K | Oct. 2014 | 4.1 |
| * 4.03 | Agreement and amendment No. 1 to Credit Agreement | 1-10945 | 8-K | Nov. 2015 | 4.1 |
| * 4.04 | Indenture dated, November 21, 2014, between Oceaneering International, Inc. and Wells Fargo Bank, National Association, as Trustee, relating to senior debt securities of Oceaneering International, Inc. | 1-10945 | 8-K | Nov. 2014 | 4.1 |
| * 4.05 | First Supplemental Indenture, dated November 21, 2014, between Oceaneering International, Inc. and Wells Fargo Bank, National Association, as Trustee, providing for the issuance of Oceaneering International, Inc.'s 4.650% Senior Notes due 2024 (including Form of Notes). | 1-10945 | 8-K | Nov. 2014 | 4.2 |

We and certain of our consolidated subsidiaries are parties to debt instruments under which the total amount of securities authorized does not exceed 10% of our total consolidated assets. Pursuant to paragraph 4(iii)(A) of Item 601(b) of Regulation S-K, we agree to furnish a copy of those instruments to the Securities and Exchange Commission on request.

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| | | | | | |
|---------|--|------------|---------|-----------|------------|
| * 10.01 | Oceaneering International, Inc. Retirement Investment Plan, Amended and Restated effective January 1, 2013 | 1-10945 | 10-Q | June 2014 | 10.01 |
| * 10.02 | First Amendment to the Oceaneering + Retirement Investment Plan, effective June 1, 2014 | 1-10945 | 10-K | Dec. 2014 | 10.02 |
| * 10.03 | Second Amendment to the Oceaneering + Retirement Investment Plan, effective January 1, 2015 | 1-10945 | 10-K | Dec. 2014 | 10.35 |
| * 10.04 | Oceaneering Retirement Investment Plan Trust + Agreement effective December 31, 2013 | 1-10945 | 10-K | Dec. 2014 | 10.13 |
| * 10.05 | Amended and Restated Service Agreement + dated as of December 21, 2006 between Oceaneering and John R. Huff | 1-10945 | 8-K | Dec. 2006 | 10.1 |
| * 10.06 | Modification to Service Agreement dated as of + December 21, 2006 between Oceaneering and John R. Huff | 1-10945 | 8-K | Dec. 2008 | 10.9 |
| * 10.07 | Trust Agreement dated as of May 12, 2006 + between Oceaneering and United Trust Company, National Association | 1-10945 | 8-K | May 2006 | 10.2 |
| * 10.08 | First Amendment to Trust Agreement dated as of + May 12, 2006 between Oceaneering International, Inc. and Bank of America National Association, as successor trustee | 1-10945 | 8-K | Dec. 2008 | 10.10 |
| * 10.09 | Oceaneering International, Inc. Supplemental + Executive Retirement Plan, as amended and restated effective January 1, 2009 | 1-10945 | 8-K | Dec. 2008 | 10.5 |
| * 10.10 | Amended and Restated Oceaneering International, Inc. Supplemental Executive + Retirement Plan, as amended and restated effective January 1, 2000 (for Internal Revenue Code Section 409A-grandfathered benefits) | 1-10945 | 8-K | Dec. 2008 | 10.6 |
| * 10.11 | Change-of-Control Agreements dated as of + November 16, 2001 between Oceaneering and M. Kevin McEvoy and Marvin J. Migura | 1-10945 | 10-K | Dec. 2001 | 10.06 |
| * 10.12 | Form of First Amendment to + Change-of-Control Agreement with M. Kevin McEvoy and Marvin J. Migura | 1-10945 | 8-K | Dec. 2008 | 10.7 |
| * 10.13 | Form of Change-of-Control Agreement and + Annex for Roderick A. Larson | 1-10945 | 8-K | Aug. 2015 | 10.3 |
| * 10.14 | + Form of Change-of-Control Agreement | 1-10945 | 8-K | May 2011 | 10.5 |
| * 10.15 | + Form of Indemnification Agreement | 1-10945 | 8-K | May 2011 | 10.4 |
| * 10.16 | + 2010 Incentive Plan | 333-166612 | S-8 | May 2010 | 4.6 |
| * 10.17 | + Amended and Restated 2010 Incentive Plan | 1-10945 | DEF 14A | Apr. 2015 | Appendix A |
| * 10.18 | Form of 2013 Employee Restricted Stock Unit + Agreement for Executive Officers | 1-10945 | 8-K | Feb. 2013 | 10.1 |
| * 10.19 | Form of 2013 Chairman Restricted Stock Unit + Agreement for John R. Huff | 1-10945 | 8-K | Feb. 2013 | 10.3 |

Edgar Filing: OCEANEERING INTERNATIONAL INC - Form 10-K

| | | | | | |
|---------|---|---------|-----|-----------|------|
| * 10.20 | + Form of 2013 Performance Unit Agreement for Executive Officers | 1-10945 | 8-K | Feb. 2013 | 10.2 |
| * 10.21 | + Form of 2013 Chairman Performance Unit Agreement for John R. Huff | 1-10945 | 8-K | Feb. 2013 | 10.4 |

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| | | | | | |
|---------|--|---------|-----|-----------|------|
| | 2013 Performance Award: Goals and Measures, relating to the form of 2013 | | | | |
| * 10.22 | + Performance Unit Agreement for its executive officers and 2013 Chairman Performance Unit Agreement | 1-10945 | 8-K | Feb. 2013 | 10.5 |
| | Form of 2013 Nonemployee Director | | | | |
| * 10.23 | + Restricted Stock Agreement for T. Jay Collins, Jerold J. DesRoche, D. Michael Hughes, Paul B. Murphy, Jr. and Harris J. Pappas | 1-10945 | 8-K | Feb. 2013 | 10.6 |
| | Oceaneering International, Inc. 2014 Annual | | | | |
| * 10.24 | + Bonus Award Program Summary | 1-10945 | 8-K | Feb. 2015 | 10.6 |
| * 10.25 | + Form of 2014 Employee Restricted Stock Unit Agreement for Executive Officers | 1-10945 | 8-K | Feb. 2014 | 10.1 |
| * 10.26 | + Form of 2014 Chairman Restricted Stock Unit Agreement for Mr. Huff | 1-10945 | 8-K | Feb. 2014 | 10.3 |
| * 10.27 | + Form of 2014 Performance Unit Agreement for Executive Officers | 1-10945 | 8-K | Feb. 2014 | 10.2 |
| * 10.28 | + Form of 2014 Chairman Performance Unit Agreement for Mr. Huff | 1-10945 | 8-K | Feb. 2014 | 10.4 |
| | 2014 Performance Award: Goals and Measures, relating to the form of 2014 | | | | |
| * 10.29 | + Performance Unit Agreement for its executive officers and 2014 Chairman Performance Unit Agreement | 1-10945 | 8-K | Feb. 2014 | 10.5 |
| | Form of 2014 Nonemployee Director | | | | |
| * 10.30 | + Restricted Stock Agreement for Messrs. Collins, DesRoche, Hughes, Murphy and Pappas | 1-10945 | 8-K | Feb. 2014 | 10.6 |
| | Oceaneering International, Inc. 2015 Annual | | | | |
| * 10.31 | + Bonus Award Program Summary | 1-10945 | 8-K | Feb. 2015 | 10.7 |
| * 10.32 | + Form of 2015 Restricted Stock Unit Agreement | 1-10945 | 8-K | Feb. 2015 | 10.1 |
| * 10.33 | + Form of 2015 Performance Unit Agreement | 1-10945 | 8-K | Feb. 2015 | 10.2 |
| | 2015 Performance Award: Goals and Measures, relating to the form of 2015 | | | | |
| * 10.34 | + Performance Unit Agreement | 1-10945 | 8-K | Feb. 2015 | 10.3 |
| | Form of 2015 Nonemployee Director | | | | |
| * 10.35 | + Restricted Stock Agreement for Messrs. Collins, Huff, Hughes, Murphy and Pappas | 1-10945 | 8-K | Feb. 2015 | 10.4 |
| | Form of 2015 Nonemployee Director | | | | |
| * 10.36 | + Restricted Stock Agreement for Mr. DesRoche | 1-10945 | 8-K | Feb. 2015 | 10.5 |
| 12.01 | Computation of Ratio of Earnings to Fixed Charges | | | | |
| 21.01 | Subsidiaries of Oceaneering | | | | |
| 23.01 | Consent of Independent Registered Public Accounting Firm | | | | |
| 31.01 | Rule 13a – 14(a)/15d – 14(a) certification of principal executive officer | | | | |
| 31.02 | Rule 13a – 14(a)/15d – 14(a) certification of principal financial officer | | | | |
| 32.01 | Section 1350 certification of principal executive officer | | | | |
| 32.02 | Section 1350 certification of principal financial officer | | | | |
| 101.INS | XBRL Instance Document | | | | |

101.SCH XBRL Taxonomy Extension Schema Document
101.CAL XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF XBRL Taxonomy Extension Definition Linkbase Document
101.LAB XBRL Taxonomy Extension Label Linkbase Document

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101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

- * Exhibit previously filed with the Securities and Exchange Commission, as indicated, and incorporated herein by reference.
- + Management contract or compensatory plan or arrangement.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: February 19, 2016

By: /S/ M. KEVIN MCEVOY
M. Kevin McEvoy
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| Signature | Title | Date |
|--|--|-------------------|
| /S/ M. KEVIN MCEVOY M. Kevin McEvoy | Chief Executive Officer and Director (Principal Executive Officer) | February 19, 2016 |
| /S/ ALAN R. CURTIS Alan R. Curtis | Senior Vice President and Chief Financial Officer (Principal Financial Officer) | February 19, 2016 |
| /S/ W. CARDON GERNER W. Cardon Gerner | Senior Vice President and Chief Accounting Officer (Principal Accounting Officer) | February 19, 2016 |
| /S/ JOHN R. HUFF John R. Huff | Chairman of the Board | February 19, 2016 |
| /S/ T. JAY COLLINS T. Jay Collins | Director | February 19, 2016 |
| /S/ D. MICHAEL HUGHES D. Michael Hughes | Director | February 19, 2016 |
| /S/ PAUL B. MURPHY, JR. Paul B. Murphy, Jr. | Director | February 19, 2016 |
| /S/ HARRIS J. PAPPAS Harris J. Pappas | Director | February 19, 2016 |
| /S/ STEVEN A. WEBSTER Steven A. Webster | Director | February 19, 2016 |

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All schedules for which provision is made in the applicable regulations of the Securities and Exchange Commission have been omitted because they are not required under the relevant instructions or because the required information is not significant.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Oceaneering International, Inc.

We have audited the accompanying consolidated balance sheets of Oceaneering International, Inc. and Subsidiaries (the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, cash flows, and shareholders' equity for each of the three years in the period ended December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2015 and 2014, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 19, 2016 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Houston, Texas
February 19, 2016

Table of ContentsOCEANEERING INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

| (in thousands, except share data) | December 31, | |
|---|--------------|-------------|
| | 2015 | 2014 |
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$385,235 | \$430,714 |
| Accounts receivable, net of allowances for doubtful accounts of \$5,893 and \$137 | 612,785 | 778,372 |
| Inventory | 328,453 | 375,588 |
| Other current assets | 191,020 | 128,876 |
| Total Current Assets | 1,517,493 | 1,713,550 |
| Property and Equipment, at cost | 2,772,580 | 2,660,788 |
| Less accumulated depreciation | 1,505,849 | 1,354,966 |
| Net Property and Equipment | 1,266,731 | 1,305,822 |
| Other Assets: | | |
| Goodwill | 426,872 | 331,474 |
| Other non-current assets | 218,440 | 154,094 |
| Total Other Assets | 645,312 | 485,568 |
| Total Assets | \$3,429,536 | \$3,504,940 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current Liabilities: | | |
| Accounts payable | \$118,277 | \$123,688 |
| Accrued liabilities | 477,284 | 490,260 |
| Income taxes payable | 20,395 | 65,189 |
| Total Current Liabilities | 615,956 | 679,137 |
| Long-term Debt | 795,836 | 743,469 |
| Other Long-term Liabilities | 439,010 | 424,863 |
| Commitments and Contingencies | | |
| Shareholders' Equity: | | |
| Common Stock, par value \$0.25 per share; 360,000,000 shares authorized; 110,834,088 shares issued | 27,709 | 27,709 |
| Additional paid-in capital | 230,179 | 229,640 |
| Treasury stock; 12,984,829 and 11,220,682 shares, at cost | (743,577) | (656,917) |
| Retained earnings | 2,364,786 | 2,240,229 |
| Accumulated other comprehensive income | (300,363) | (183,190) |
| Total Shareholders' Equity | 1,578,734 | 1,657,471 |
| Total Liabilities and Shareholders' Equity | \$3,429,536 | \$3,504,940 |
| The accompanying Notes are an integral part of these Consolidated Financial Statements. | | |

Table of ContentsOCEANEERING INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

| (in thousands, except per share data) | Year Ended December 31, | | |
|---|-------------------------|-------------|-------------|
| | 2015 | 2014 | 2013 |
| Revenue | \$3,062,754 | \$3,659,624 | \$3,287,019 |
| Cost of services and products | 2,457,325 | 2,800,423 | 2,521,483 |
| Gross Margin | 605,429 | 859,201 | 765,536 |
| Selling, general and administrative expense | 231,619 | 230,871 | 220,420 |
| Income from Operations | 373,810 | 628,330 | 545,116 |
| Interest income | 607 | 293 | 554 |
| Interest expense, net of amounts capitalized | (25,050) | (4,708) | (2,194) |
| Equity earnings (losses) of unconsolidated affiliates | 2,230 | (51) | 133 |
| Other income (expense), net | (15,336) | (387) | (1,273) |
| Income before Income Taxes | 336,261 | 623,477 | 542,336 |
| Provision for income taxes | 105,250 | 195,148 | 170,836 |
| Net Income | \$231,011 | \$428,329 | \$371,500 |
| Cash dividends declared per Share | \$1.08 | \$1.03 | \$0.84 |
| Basic Earnings per Share | \$2.35 | \$4.02 | \$3.43 |
| Weighted average basic shares outstanding | 98,417 | 106,593 | 108,158 |
| Diluted Earnings per Share | \$2.34 | \$4.00 | \$3.42 |
| Weighted average diluted shares outstanding | 98,808 | 107,091 | 108,731 |

The accompanying Notes are an integral part of these Consolidated Financial Statements.

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OCEANEERING INTERNATIONAL, INC. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (in thousands)

| | Year Ended December 31, | | |
|--|-------------------------|------------|-----------|
| | 2015 | 2014 | 2013 |
| Net Income | \$231,011 | \$428,329 | \$371,500 |
| Other comprehensive income (loss), net of tax: | | | |
| Foreign currency translation | (118,705 |) (128,666 |) (71,282 |
| Pension-related adjustments | 1,531 | (1,947 |) 859 |
| Other comprehensive income (loss) | (117,174 |) (130,613 |) (70,423 |
| Comprehensive Income | \$113,837 | \$297,716 | \$301,077 |

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Table of ContentsOCEANEERING INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

| (in thousands) | Year Ended December 31, | | |
|---|-------------------------|------------|------------|
| | 2015 | 2014 | 2013 |
| Cash Flows from Operating Activities: | | | |
| Net income | \$231,011 | \$428,329 | \$371,500 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 241,235 | 229,779 | 202,228 |
| Deferred income tax provision | 29,090 | 70,717 | 51,800 |
| Net loss (gain) on dispositions of property and equipment | 4,917 | (1,165 |) 450 |
| Noncash compensation | 17,289 | 20,034 | 19,380 |
| Distributions from unconsolidated affiliates greater than earnings | — | — | 878 |
| Excluding the effects of acquisitions, increase (decrease) in cash from: | | | |
| Accounts receivable | 178,796 | (8,482 |) (101,912 |
| Inventory | 59,182 | 66,327 | (110,508 |
| Other operating assets | (65,786 |) (11,197 |) (22,380 |
| Currency translation effect on working capital, excluding cash | (30,228 |) (21,603 |) (12,114 |
| Accounts payable and accrued liabilities | (44,783 |) (43,507 |) 128,297 |
| Income taxes payable | (45,943 |) (15,639 |) 2,435 |
| Other operating liabilities | (14,372 |) 8,169 | 1,370 |
| Total adjustments to net income | 329,397 | 293,433 | 159,924 |
| Net Cash Provided by Operating Activities | 560,408 | 721,762 | 531,424 |
| Cash Flows from Investing Activities: | | | |
| Purchases of property and equipment | (199,970 |) (386,883 |) (382,531 |
| Business acquisitions, net of cash acquired | (224,018 |) (39,788 |) (11,059 |
| Other investments | (19,531 |) — | — |
| Distributions of capital from unconsolidated affiliates | 5,963 | 4,772 | 4,279 |
| Dispositions of property and equipment and equity investment | 376 | 2,427 | 11,666 |
| Net Cash Used in Investing Activities | (437,180 |) (419,472 |) (377,645 |
| Cash Flows from Financing Activities: | | | |
| Net proceeds of 4.65% Senior Notes, net of issuance costs | — | 493,125 | — |
| Net proceeds (payments) of bank credit facilities, net of new loan costs | 49,665 | 248,429 | (93,739 |
| Excess tax benefits from employee benefit plans | 247 | 3,932 | 4,279 |
| Cash dividends | (106,454 |) (109,742 |) (90,885 |
| Purchases of treasury stock | (100,459 |) (590,384 |) — |
| Net Cash Provided by (Used in) Financing Activities | (157,001 |) 45,360 | (180,345 |
| Effect of exchange rates on cash | (11,706 |) (8,366 |) (2,553 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (45,479 |) 339,284 | (29,119 |
| Cash and Cash Equivalents—Beginning of Period | 430,714 | 91,430 | 120,549 |
| Cash and Cash Equivalents—End of Period | \$385,235 | \$430,714 | \$91,430 |

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Table of ContentsOCEANEERING INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

| (in thousands) | Common Stock | | Additional Paid-in Capital | Treasury Stock | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | | Total |
|--|------------------|----------|----------------------------------|-------------------|----------------------|---|-----------|-------------|
| | Issued Shares | Amount | | | | Currency Translation Adjustments | Pension | |
| Balance, December 31, 2012 | 110,834 | \$27,709 | \$212,940 | \$(84,062) | \$1,641,027 | \$21,138 | \$(3,292) | \$1,815,460 |
| Net Income | — | — | — | — | 371,500 | — | — | 371,500 |
| Other Comprehensive Income | — | — | — | — | — | (71,282) | 859 | (70,423) |
| Restricted stock unit activity | — | — | 6,447 | 7,062 | — | — | — | 13,509 |
| Restricted stock activity | — | — | (1,264) | 1,264 | — | — | — | — |
| Tax benefits from employee benefit plans | — | — | 4,279 | — | — | — | — | 4,279 |
| Cash dividends | — | — | — | — | (90,885) | — | — | (90,885) |
| Balance, December 31, 2013 | 110,834 | 27,709 | 222,402 | (75,736) | 1,921,642 | (50,144) | (2,433) | 2,043,440 |
| Net Income | — | — | — | — | 428,329 | — | — | 428,329 |
| Other Comprehensive Income | — | — | — | — | — | (128,666) | (1,947) | (130,613) |
| Restricted stock unit activity | — | — | 4,311 | 8,198 | — | — | — | 12,509 |
| Restricted stock activity | — | — | (1,005) | 1,005 | — | — | — | — |
| Tax benefits from employee benefit plans | — | — | 3,932 | — | — | — | — | 3,932 |
| Cash dividends | — | — | — | — | (109,742) | — | — | (109,742) |
| Treasury stock purchases, 8,900,000 shares | — | — | — | (590,384) | — | — | — | (590,384) |
| Balance, December 31, 2014 | 110,834 | 27,709 | 229,640 | (656,917) | 2,240,229 | (178,810) | (4,380) | 1,657,471 |
| Net Income | — | — | — | — | 231,011 | — | — | 231,011 |
| Other Comprehensive Income | — | — | — | — | — | (118,705) | 1,531 | (117,174) |
| Restricted stock unit activity | — | — | 2,164 | 11,928 | — | — | — | 14,092 |
| Restricted stock activity | — | — | (1,871) | 1,871 | — | — | — | — |
| Tax benefits from employee benefit | — | — | 247 | — | — | — | — | 247 |

| | | | | | | | | |
|--|---------|----------|-----------|-------------|-------------|-------------|-----------|-------------|
| plans | | | | | | | | |
| Cash dividends | — | — | — | — | (106,454) | — | — | (106,454) |
| Treasury stock purchases, 2,000,000 shares | — | — | — | (100,459) | — | — | — | (100,459) |
| Balance, December 31, 2015 | 110,834 | \$27,709 | \$230,180 | \$(743,577) | \$2,364,786 | \$(297,515) | \$(2,849) | \$1,578,734 |

The accompanying Notes are an integral part of these Consolidated Financial Statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF MAJOR ACCOUNTING POLICIES

Principles of Consolidation. The consolidated financial statements include the accounts of Oceaneering International, Inc. and our 50% or more owned and controlled subsidiaries. We also consolidate entities that are determined to be variable interest entities if we determine that we are the primary beneficiary; otherwise, we account for those entities using the equity method of accounting. We use the equity method to account for our investments in unconsolidated affiliated companies of which we own an equity interest of between 20% and 50% and as to which we have significant influence, but not control, over operations. We use the cost method for all other long-term investments. Investments in entities that we do not consolidate are reflected on our balance sheet in Other non-current assets. All significant intercompany accounts and transactions have been eliminated.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") requires that our management make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Reclassifications. Certain amounts from prior periods have been reclassified to conform with the current year presentation.

Cash and Cash Equivalents. Cash and cash equivalents include demand deposits and highly liquid investments with original maturities of three months or less from the date of investment.

Accounts Receivable – Allowances for Doubtful Accounts. We determine the need for allowances for doubtful accounts using the specific identification method. We do not generally require collateral from our customers.

Inventory. Inventory is valued at lower of cost or market. We determine cost using the weighted-average method. During the second quarter of 2015, we recorded an inventory write-down of \$9 million upon our decision to cease manufacturing subsea blow out preventer ("BOP") control systems. In the fourth quarter of 2015, we recorded an inventory write-down of \$16.0 million attributable to remotely operated vehicle components, as we determined the components would not be used as a result of the deterioration in market conditions.

Property and Equipment and Long-Lived Intangible Assets. We provide for depreciation of property and equipment on the straight-line method over estimated useful lives of eight years for ROVs, three to 20 years for marine services equipment (such as vessels and diving equipment), and three to 25 years for buildings, improvements and other equipment.

Long-lived intangible assets, primarily acquired in connection with business combinations, include trade names, intellectual property and customer relationships and are being amortized with a weighted average remaining life of approximately 10 years. Amortization expense on intangible assets was \$7.8 million, \$6.6 million and \$5.2 million in 2015, 2014 and 2013, respectively.

We charge the costs of repair and maintenance of property and equipment to operations as incurred, while we capitalize the costs of improvements that extend asset lives or functionality.

We capitalize interest on assets where the construction period is anticipated to be more than three months. We capitalized \$2.4 million and \$0.7 million of interest in 2015 and 2014, respectively and no interest in 2013. We do not allocate general administrative costs to capital projects. Upon the disposition of property and equipment, the related cost and accumulated depreciation accounts are relieved and any resulting gain or loss is included as an adjustment to cost of services and products.

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Our management periodically, and upon the occurrence of a triggering event, reviews the realizability of our property and equipment and long-lived intangible assets to determine whether any events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. For long-lived assets to be held and used, we base our evaluation on impairment indicators such as the nature of the assets, the future economic benefits of the assets, any historical or future profitability measurements and other external market conditions or factors that may be present. If such impairment indicators are present or other factors exist that indicate that the carrying amount of an asset may not be recoverable, we determine whether an impairment has occurred through the use of an undiscounted cash flows analysis of the asset at the lowest level for which identifiable cash flows exist. If an impairment has occurred, we recognize a loss for the difference between the carrying amount and the fair value of the asset. For assets held for sale or disposal, the fair value of the asset is measured using fair market value less cost to sell. Assets are classified as held-for-sale when we have a plan for disposal of certain assets and those assets meet the held for sale criteria.

Business Acquisitions. We account for business combinations using the acquisition method of accounting, with the acquisition price being allocated to the assets acquired and liabilities assumed based on their fair values at the date of acquisition.

We made several smaller acquisitions during the periods presented, none of which were material.

In April 2015, we completed the acquisition of C & C Technologies, Inc. ("C&C"). C&C is a global provider of ocean-bottom mapping services in deepwater utilizing customized autonomous underwater vehicles and provides marine construction surveys for both surface and subsea assets, as well as satellite-based positioning services for drilling rigs and seismic and construction vessels. C&C also provides land and near-shore survey services along the U.S. Gulf Coast and in Mexico, and performs shallow water conventional geophysical surveys in the U.S. Gulf of Mexico. The acquisition price of approximately \$224 million was paid in cash. We have accounted for this acquisition by allocating the purchase price to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. This purchase price allocation is preliminary and is subject to change when we obtain final asset and liability valuations. Based on the terms of the acquisition agreement, all of our goodwill and other intangible assets associated with the C&C acquisition will be deductible for income tax purposes. We have included C&C's operations in our consolidated financial statements starting from the date of closing, and its operating results are reflected in our Subsea Projects segment. The acquisition of C&C did not have a material effect on our operating results, cash flows from operations or financial position.

Goodwill. In our annual evaluation of goodwill impairment, we first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, we determine it is more likely than not that the fair value of a reporting unit exceeds its carrying amount, performing the two-step impairment test is unnecessary. However, if we conclude otherwise, then we are required to perform the first step of the two-step impairment test. We tested the goodwill attributable to each of our reporting units for impairment as of December 31, 2015 and 2014 and concluded that there was no impairment. The only changes in our reporting units' goodwill balances during the periods presented are from business acquisitions, as discussed above, and currency exchange rate changes. For information regarding goodwill by business segment, see Note 7.

Revenue Recognition. We recognize our revenue according to the type of contract involved. On a daily basis, we recognize revenue under contracts that provide for specific time, material and equipment charges, which we bill periodically, ranging from weekly to monthly.

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We account for significant fixed-price contracts, which we enter into mainly in our Subsea Products segment, and to a lesser extent in our Subsea Projects and Advanced Technologies segments, using the percentage-of-completion method. In 2015, we accounted for 16% of our revenue using the percentage-of-completion method. In determining whether a contract should be accounted for using the percentage-of-completion method, we consider whether:

- the customer provides specifications for the construction of facilities or production of goods or for the provision of related services;
- we can reasonably estimate our progress towards completion and our costs;
- the contract includes provisions as to the enforceable rights regarding the goods or services to be provided, consideration to be received and the manner and terms of payment;
- the customer can be expected to satisfy its obligations under the contract; and
- we can be expected to perform our contractual obligations.

Under the percentage-of-completion method, we generally recognize estimated contract revenue based on costs incurred to date as a percentage of total estimated costs. Changes in the expected cost of materials and labor, productivity, scheduling and other factors affect the total estimated costs. Additionally, external factors, including weather or other factors outside of our control, may also affect the progress and estimated cost of a project's completion and, therefore, the timing of income and revenue recognition. We routinely review estimates related to our contracts and reflect revisions to profitability in earnings immediately. If a current estimate of total contract cost indicates an ultimate loss on a contract, we recognize the projected loss in full when we determine it. In prior years, we have recorded adjustments to earnings as a result of revisions to contract estimates. Although we are continually striving to accurately estimate our contract costs and profitability, adjustments to overall contract costs could be significant in future periods.

We recognize the remainder of our revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, price is fixed or determinable and collection is reasonably assured.

Revenue in Excess of Amounts Billed is classified as accounts receivable and relates to recoverable costs and accrued profits on contracts in progress. Billings in Excess of Revenue Recognized on uncompleted contracts are classified in accrued liabilities.

Revenue in Excess of Amounts Billed on uncompleted fixed-price contracts accounted for using the percentage-of-completion method is summarized as follows:

| (in thousands) | December 31, | |
|-------------------------------------|--------------|------------|
| | 2015 | 2014 |
| Revenue recognized | \$694,690 | \$368,888 |
| Less: Billings to customers | (649,550) | (312,968) |
| Revenue in excess of amounts billed | \$45,140 | \$55,920 |

Billings in Excess of Revenue Recognized on uncompleted fixed-price contracts accounted for using the percentage-of-completion method are summarized as follows:

| (in thousands) | December 31, | |
|--|--------------|------------|
| | 2015 | 2014 |
| Amounts billed to customers | \$302,904 | \$196,501 |
| Less: Revenue recognized | (190,812) | (109,547) |
| Billings in excess of revenue recognized | \$112,092 | \$86,954 |

Stock-Based Compensation. We recognize all share-based payments to directors, officers and employees over their vesting periods in the income statement based on their estimated fair values. For more information on our employee benefit plans, see Note 8.

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Income Taxes. We provide income taxes at appropriate tax rates in accordance with our interpretation of the respective tax laws and regulations after review and consultation with our internal tax department, tax advisors and, in some cases, legal counsel in various jurisdictions. We provide for deferred income taxes for differences between carrying amounts of assets and liabilities for financial and tax reporting purposes. We provide for deferred U.S. income taxes on foreign income only to the extent such income is not indefinitely reinvested in foreign entities. We provide a valuation allowance against deferred tax assets when it is more likely than not that the asset will not be realized.

We recognize the benefit for a tax position if the benefit is more likely than not to be sustainable upon audit by the applicable taxing authority. If this threshold is met, the tax benefit is then measured and recognized at the largest amount that we believe is greater than 50% likely of being realized upon ultimate settlement. We account for any applicable interest and penalties on uncertain tax positions as a component of our provision for income taxes on our financial statements.

Foreign Currency Translation. The functional currency for several of our foreign subsidiaries is the applicable local currency. Results of operations for foreign subsidiaries with functional currencies other than the U.S. dollar are translated into U.S. dollars using average exchange rates during the period. Assets and liabilities of these foreign subsidiaries are translated into U.S. dollars using the exchange rates in effect at the balance sheet date, and the resulting translation adjustments are recognized, net of tax, in accumulated other comprehensive income as a component of shareholders' equity. All foreign currency transaction gains and losses are recognized currently in the Consolidated Statements of Income. We recorded \$(15.4) million, \$(0.5) million and \$0.1 million of foreign currency transaction gains (losses) in 2015, 2014 and 2013, respectively, and those amounts are included as a component of Other income (expense), net.

Earnings per Share. For each year presented, the only difference between our annual calculated weighted average basic and diluted number of shares outstanding is the effect of outstanding restricted stock units.

Repurchase Plans. In February 2010, our Board of Directors approved a program to repurchase up to 12 million shares of our common stock. In 2014, we completed the purchase of the shares authorized under that program by repurchasing the remaining 8.9 million shares for \$590 million. The total cost for the repurchase of the 12 million shares of our common stock was \$677 million.

In December 2014, following completion of the February 2010 program, our Board of Directors approved a new share repurchase program under which we may repurchase up to 10 million shares of our common stock on a discretionary basis. The December 2014 program calls for the repurchases to be made in the open market, or in privately negotiated transactions from time to time, in compliance with applicable laws, rules and regulations, including Rule 10b-18 under the Securities Exchange Act of 1934, as amended, subject to market and business conditions, levels of available liquidity, cash requirements for other purposes, applicable legal requirements and other relevant factors. The timing and amount of any repurchases will be determined by management based on its evaluation of these factors. We expect that any shares repurchased under the new program will be held as treasury stock for future use. The new program does not obligate us to repurchase any particular number of shares. Under the new program, we had repurchased 2 million shares of our common stock for \$100 million through December 31, 2015. We account for the shares we hold in treasury under the cost method, at average cost.

Financial Instruments. We recognize all derivative instruments as either assets or liabilities in the balance sheet and measure those instruments at fair value. Subsequent changes in fair value are reflected in current earnings, other comprehensive income or changes in assets or liabilities, depending on whether a derivative instrument is designated as part of a hedge relationship and, if it is, the type of hedge relationship. See Note 6 for information relative to the interest rate swap we have had in effect since 2014. During the year ended December 31, 2013, we had no derivative instruments in effect.

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New Accounting Standards. In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers." ASU 2014-09, as amended, completes the joint effort by the FASB and International Accounting Standards Board to improve financial reporting by creating common revenue recognition guidance for U.S. GAAP and International Financial Reporting Standards. ASU 2014-09 applies to all companies that enter into contracts with customers to transfer goods or services. ASU 2014-09 is effective for us for interim and annual reporting periods beginning after December 15, 2017. Early application is not permitted before periods beginning after December 15, 2016, and we have the choice to apply ASU 2014-09 either retrospectively to each reporting period presented or by recognizing the cumulative effect of applying ASU 2014-09 at the date of initial application and not adjusting comparative information. We are currently evaluating the requirements of ASU 2014-09 and have not yet determined its impact on our consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, "Interest - Imputation of Interest - Simplifying the Presentation of Debt Issuance Costs." This update requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. ASU 2015-03 is effective for our financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption is permitted, and we adopted this update in the second quarter of 2015 and reclassified prior period amounts to conform with the new presentation.

In July 2015, the FASB issued ASU 2015-11, "Inventory - Simplifying the Measurement of Inventory." ASU 2015-11 requires companies to measure inventory at the lower of cost or net realizable value rather than at the lower of cost or market. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. This guidance is effective for our inventories beginning January 1, 2017. We do not anticipate that this update will have a material impact on our consolidated financial statements.

In September 2015, the FASB issued ASU 2015-16, "Business Combinations - Simplifying the Accounting for Measurement-Period Adjustments." This update requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The update requires that the acquirer record, in the same period's financial statements, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. The update requires an entity to present separately on the face of the income statement or disclose in the notes the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date. ASU 2015-16 is effective for our financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. We do not anticipate that this update will have a material impact on our consolidated financial statements.

In November 2015, , the FASB issued ASU 2015-17, "Balance Sheet Classification of Deferred Taxes." Current GAAP requires an entity to separate deferred income tax liabilities and assets into current and noncurrent amounts in a classified statement of financial position. The Update requires that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. ASU 2015-17 is effective for our financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Earlier application is permitted. We do not anticipate that this update will have a material impact on our consolidated financial statements.

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In January 2016, the FASB issued ASU 2016-01, "Financial Instruments—Overall (Subtopic 825-10) Recognition and Measurement of Financial Assets and Financial Liabilities." This update:

- requires equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income;
- simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment. When a qualitative assessment indicates that impairment exists, an entity is required to measure the investment at fair value;
- eliminates the requirement to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet;
- requires entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes;
- requires an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments;
- requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (that is, securities or loans and receivables) on the balance sheet or the accompanying notes to the financial statements; and
- clarifies that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale securities in combination with the entity's other deferred tax assets.

ASU 2016-01 will be effective for us beginning on January 1, 2018. We are currently assessing the impact of these requirements on our consolidated financial statements and future disclosures.

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2. SELECTED BALANCE SHEET INFORMATION

The following is information regarding selected balance sheet accounts:

| (in thousands) | December 31, | |
|---|--------------|------------|
| | 2015 | 2014 |
| Inventory: | | |
| Remotely operated vehicle parts and components | \$ 163,539 | \$ 207,885 |
| Other inventory, primarily raw materials | 164,914 | 167,703 |
| Total | \$ 328,453 | \$ 375,588 |
| Other Current Assets: | | |
| Deferred income taxes | \$ 57,337 | \$ 49,809 |
| Prepaid expenses | 133,683 | 79,067 |
| Total | \$ 191,020 | \$ 128,876 |
| Other Non-Current Assets: | | |
| Intangible assets, net | \$ 93,701 | \$ 60,895 |
| Cash surrender value of life insurance policies | 55,924 | 53,653 |
| Investment in unconsolidated affiliates | 49,144 | 32,624 |
| Other | 19,671 | 6,922 |
| Total | \$ 218,440 | \$ 154,094 |
| Accrued Liabilities: | | |
| Payroll and related costs | \$ 161,228 | \$ 209,481 |
| Accrued job costs | 79,857 | 79,894 |
| Deferred revenue | 157,042 | 116,936 |
| Other | 79,157 | 83,949 |
| Total | \$ 477,284 | \$ 490,260 |
| Other Long-Term Liabilities: | | |
| Deferred income taxes | \$ 353,181 | \$ 322,758 |
| Supplemental Executive Retirement Plan | 46,931 | 45,423 |
| Long-Term Incentive Plan | 15,650 | 29,482 |
| Accrued post-employment benefit obligations | 7,511 | 11,349 |
| Other | 15,737 | 15,851 |
| Total | \$ 439,010 | \$ 424,863 |

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3. INCOME TAXES

Our provisions for income taxes and our cash taxes paid are as follows:

| (in thousands) | Year Ended December 31, | | |
|----------------------------------|-------------------------|------------|------------|
| | 2015 | 2014 | 2013 |
| Current: | | | |
| Domestic | \$ 11,028 | \$ 17,856 | \$ 45,468 |
| Foreign | 65,132 | 106,575 | 73,568 |
| Total current | 76,160 | 124,431 | 119,036 |
| Deferred: | | | |
| Domestic | 40,284 | 73,520 | 56,115 |
| Foreign | (11,194 |) (2,803 |) (4,315 |
| Total deferred | 29,090 | 70,717 | 51,800 |
| Total provision for income taxes | \$ 105,250 | \$ 195,148 | \$ 170,836 |
| Cash taxes paid | \$ 119,591 | \$ 139,724 | \$ 113,760 |

The components of income before income taxes are as follows:

| (in thousands) | Year Ended December 31, | | |
|----------------------------|-------------------------|------------|------------|
| | 2015 | 2014 | 2013 |
| Domestic | \$ 51,018 | \$ 110,800 | \$ 68,066 |
| Foreign | 285,243 | 512,677 | 474,270 |
| Income before income taxes | \$ 336,261 | \$ 623,477 | \$ 542,336 |

As of December 31, 2015 and 2014, our worldwide deferred tax assets, liabilities and net deferred tax liabilities were as follows:

| (in thousands) | December 31, | |
|--|--------------|------------|
| | 2015 | 2014 |
| Deferred tax assets: | | |
| Deferred compensation | \$ 46,973 | \$ 50,829 |
| Deferred income | 18,787 | 16,305 |
| Accrued expenses | 12,624 | 9,235 |
| Other | 55,547 | 27,808 |
| Gross deferred tax assets | 133,931 | 104,177 |
| Valuation allowance | — | — |
| Total deferred tax assets | \$ 133,931 | \$ 104,177 |
| Deferred tax liabilities: | | |
| Property and equipment | \$ 126,079 | \$ 128,958 |
| Unremitted foreign earnings not considered indefinitely reinvested | 296,018 | 238,133 |
| Basis difference in equity investments | 7,678 | 8,947 |
| Other | — | 1,088 |
| Total deferred tax liabilities | \$ 429,775 | \$ 377,126 |
| Net deferred income tax liability | \$ 295,844 | \$ 272,949 |

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Our net deferred tax liability is reflected within our balance sheet as follows:

| (in thousands) | December 31, | |
|-----------------------------------|--------------|-----------|
| | 2015 | 2014 |
| Deferred tax liabilities | \$353,181 | \$322,758 |
| Current deferred tax assets | (57,337) | (49,809) |
| Net deferred income tax liability | \$295,844 | \$272,949 |

At December 31, 2015, we had approximately \$40 million of foreign tax credits and \$9.6 million of net operating losses available to reduce future payments of U.S. federal income taxes. The tax credits expire commencing in 2024, and the net operating losses expire commencing in 2032. We believe it is more likely than not that all our deferred tax assets are realizable. Reconciliations between the actual provision for income taxes on continuing operations and that computed by applying the United States statutory rate to income before income taxes were as follows:

| | Year Ended December 31, | | | | | |
|-------------------------------|-------------------------|---|------|---|------|---|
| | 2015 | | 2014 | | 2013 | |
| United States statutory rate | 35.0 | % | 35.0 | % | 35.0 | % |
| State and local taxes | — | | 0.1 | | 0.2 | |
| Foreign tax rate differential | (2.5 |) | (2.6 |) | (3.7 |) |
| Other items, net | (1.2 |) | (1.2 |) | — | |
| Total effective tax rate | 31.3 | % | 31.3 | % | 31.5 | % |

We consider \$641 million of unremitted earnings of our foreign subsidiaries to be indefinitely reinvested. It is not practical for us to compute the amount of additional U.S. tax that would be due on this amount. We have provided deferred income taxes on the foreign earnings not considered indefinitely reinvested.

We recognize the benefit for a tax position if the benefit is more likely than not to be sustainable upon audit by the applicable taxing authority. If this threshold is met, the tax benefit is then measured and recognized at the largest amount that we believe is greater than 50% likely of being realized upon ultimate settlement.

We account for any applicable interest and penalties on uncertain tax positions as a component of our provision for income taxes on our financial statements. We increased/(decreased) income tax expense by \$(0.9) million, \$(0.4) million and \$1.7 million in 2015, 2014 and 2013, respectively, for penalties and interest on uncertain tax positions, which brought our total liabilities for penalties and interest on uncertain tax positions to \$2.0 million and \$2.9 million on our balance sheets at December 31, 2015 and 2014, respectively. All additions or reductions to those liabilities would affect our effective income tax rate in the periods of change.

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits, not including associated foreign tax credits and penalties and interest, is as follows:

| (in thousands) | Year Ended December 31, | | |
|--|-------------------------|---------|---------|
| | 2015 | 2014 | 2013 |
| Beginning of year | \$5,575 | \$7,168 | \$5,140 |
| Additions based on tax positions related to the current year | 260 | 432 | 100 |
| Reductions for expiration of statutes of limitations | (1,649) | (1,572) | (1,225) |
| Additions based on tax positions related to prior years | 1,059 | 254 | 3,490 |
| Reductions based on tax positions related to prior years | — | (707) | (337) |
| Settlements | — | — | — |
| Balance at end of year | \$5,245 | \$5,575 | \$7,168 |

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Including associated foreign tax credits and penalties and interest, we have accrued a net total of \$5.7 million in the caption "other long-term liabilities" on our balance sheet at December 31, 2015 for unrecognized tax benefits. We do not believe that the total of unrecognized tax benefits will significantly increase or decrease in the next 12 months. We file a consolidated U.S. federal income tax return for Oceaneering International, Inc. and our domestic subsidiaries. We conduct our international operations in a number of locations that have varying laws and regulations with regard to income and other taxes, some of which are subject to interpretation. Our management believes that adequate provisions have been made for all taxes that will ultimately be payable, although final determination of tax liabilities may differ from our estimates.

Our tax returns are subject to audit by taxing authorities in multiple jurisdictions. These audits often take years to complete and settle. The following lists the earliest tax years open to examination by tax authorities where we have significant operations:

| Jurisdiction | Periods |
|----------------|---------|
| United States | 2012 |
| United Kingdom | 2012 |
| Norway | 2005 |
| Angola | 2010 |
| Brazil | 2010 |
| Australia | 2011 |

4. SELECTED INCOME STATEMENT INFORMATION

The following schedule shows our revenue, costs and gross margins by services and products:

| (in thousands) | Year Ended December 31, | | |
|-------------------------------------|-------------------------|-------------|-------------|
| | 2015 | 2014 | 2013 |
| Revenue: | | | |
| Services | \$2,001,167 | \$2,336,304 | \$2,174,739 |
| Products | 1,061,587 | 1,323,320 | 1,112,280 |
| Total revenue | 3,062,754 | 3,659,624 | 3,287,019 |
| Cost of Services and Products: | | | |
| Services | 1,585,305 | 1,742,411 | 1,624,483 |
| Products | 800,316 | 946,923 | 788,109 |
| Unallocated expenses | 71,704 | 111,089 | 108,891 |
| Total cost of services and products | 2,457,325 | 2,800,423 | 2,521,483 |
| Gross margin: | | | |
| Services | 415,862 | 593,893 | 550,256 |
| Products | 261,271 | 376,397 | 324,171 |
| Unallocated expenses | (71,704) | (111,089) | (108,891) |
| Total gross margin | \$605,429 | \$859,201 | \$765,536 |

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5. DEBT

Long-term Debt consisted of the following:

| (in thousands) | December 31, | |
|--|--------------|-----------|
| | 2015 | 2014 |
| 4.650% Senior Notes due 2024: | | |
| Principal of the notes | \$500,000 | \$500,000 |
| Issuance costs, net of amortization | (6,073 |) (6,761 |
| Fair value of interest rate swap on \$100 million of principal | 1,909 | 230 |
| Term Loan Facility | 300,000 | 250,000 |
| Revolving Credit Facility | — | — |
| Long-term Debt | \$795,836 | \$743,469 |

In October 2014, we entered into a new credit agreement (as amended, the "Credit Agreement") with a group of banks to replace our prior principal credit agreement. The Credit Agreement provides for a \$300 million three-year term loan (the "Term Loan Facility") and a \$500 million five-year revolving credit facility (the "Revolving Credit Facility"). Subject to certain conditions, the aggregate commitments under the Revolving Credit Facility may be increased by up to \$300 million at any time upon agreement between us and existing or additional lenders. Borrowings under the Revolving Credit Facility and the Term Loan Facility may be used for general corporate purposes. Simultaneously with the execution of the Credit Agreement and pursuant to its terms, we repaid all amounts outstanding under, and terminated, the prior credit agreement.

In November 2015, we entered into an Agreement and Amendment No. 1 to Credit Agreement (the "Amendment") to the Credit Agreement. The Amendment amended the Credit Agreement to (1) replace the maximum leverage ratio financial covenant with a new financial covenant restricting the maximum total capitalization ratio (defined in the Amendment to be the ratio of consolidated debt to total capitalization) to 55% and (2) extend the maturities of the Term Loan Facility and the Revolving Credit Facility by one year each, to October 27, 2018 and October 25, 2020, respectively, with the extending Lenders, which represent 93.75% of the existing commitments of the Lenders, such that (a) the total commitments for the Revolving Credit Facility will be \$500 million until October 25, 2019 and thereafter \$468.75 million until October 25, 2020, and (b) the outstanding term loan advances pursuant to the Term Loan Facility will be \$300 million until October 27, 2017 and thereafter \$281.25 million until October 27, 2018.

Borrowings under the Credit Agreement bear interest at an Adjusted Base Rate or the Eurodollar Rate (both as defined in the Credit Agreement), at our option, plus an applicable margin initially based on our Leverage Ratio (as defined in the Credit Agreement) and, at our election, based on the ratings of our senior unsecured debt by designated ratings services, thereafter to be based on such debt ratings. The applicable margin varies: (1) in the case of advances bearing interest at the Adjusted Base Rate, from 0.125% to 0.750% for borrowings under the Revolving Credit Facility and from 0% to 0.500% for borrowings under the Term Loan Facility; and (2) in the case of advances bearing interest at the Eurodollar Rate, from 1.125% to 1.750% for borrowings under the Revolving Credit Facility and from 1.000% to 1.500% for borrowings under the Term Loan Facility. The Adjusted Base Rate is the highest of (1) the per annum rate established by the administrative agent as its prime rate, (2) the federal funds rate plus 0.50% and (3) the daily one-month LIBOR plus 1%. We pay a commitment fee ranging from 0.125% to 0.300% on the unused portion of the Revolving Credit Facility, depending on our Leverage Ratio. The commitment fees are included as interest expense in our consolidated financial statements.

The Credit Agreement contains various covenants that we believe are customary for agreements of this nature, including, but not limited to, restrictions on our ability and the ability of each of our subsidiaries to incur debt, grant liens, make certain investments, make distributions, merge or consolidate, sell assets, enter into transactions with affiliates and enter into certain restrictive agreements. We are also subject to a maximum Capitalization Ratio of 55%. The Credit Agreement includes customary events of default and associated remedies. As of December 31, 2015, we

were in compliance with all the covenants set forth in the Credit Agreement.

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In November 2014, we completed the public offering of \$500 million aggregate principal amount of 4.650% Senior Notes due 2024 (the "Senior Notes"). We pay interest on the Senior Notes on May 15 and November 15 of each year, beginning on May 15, 2015. The Senior Notes are scheduled to mature on November 15, 2024. We may redeem some or all of the Senior Notes at specified redemption prices. We used the net proceeds from the offering for general corporate purposes, including funding the C&C acquisition, other capital expenditures and repurchases of shares of our common stock.

We incurred \$6.9 million of issuance costs related to the Senior Notes and \$2.2 million of new loan costs, including costs of the Amendment, related to the Credit Agreement. We are amortizing these costs, which are included on our balance sheet as a reduction of debt for the Senior Notes and as an other non-current asset for the Credit Agreement, to interest expense over ten years for the Senior Notes and over six years for the Revolving Credit Facility and the Term Loan Facility.

We made cash interest payments of \$27.2 million, \$3.7 million and \$2.1 million in 2015, 2014 and 2013, respectively.

6.COMMITMENTS AND CONTINGENCIES

Lease Commitments

At December 31, 2015, we occupied several facilities under noncancellable operating leases expiring at various dates through 2025. Future minimum rentals under all of our operating leases, including vessel rentals, are as follows:

(in thousands)

| | |
|-------------------------|------------|
| 2016 | \$ 123,503 |
| 2017 | 55,377 |
| 2018 | 23,860 |
| 2019 | 15,313 |
| 2020 | 13,754 |
| Thereafter | 86,384 |
| Total Lease Commitments | \$ 318,191 |

Rental expense, which includes hire of vessels, specialized equipment and real estate rental, was approximately \$229 million, \$257 million and \$191 million in 2015, 2014 and 2013, respectively.

Insurance

We self-insure for workers' compensation, maritime employer's liability and comprehensive general liability claims to levels we consider financially prudent, and, beyond the self-insurance level of exposure, we carry insurance, which can be by occurrence or in the aggregate. We determine the level of accruals for claims exposure by reviewing our historical experience and current year claim activity. We do not record accruals on a present-value basis. We review larger claims with insurance adjusters and establish specific reserves for known liabilities. We establish an additional reserve for incidents incurred but not reported to us for each year using our estimates and based on prior experience. We believe we have established adequate accruals for uninsured expected liabilities arising from those obligations. However, it is possible that future earnings could be affected by changes in our estimates relating to these matters.

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Litigation

On June 17, 2014, a purported shareholder filed a derivative complaint against all of the then-current members of our board of directors and one of our former directors, as defendants, and our company, as nominal defendant, in the Court of Chancery of the State of Delaware. Through the complaint, the plaintiff is asserting, on behalf of our company, actions for breach of fiduciary duties and unjust enrichment in connection with prior determinations of our board of directors relating to nonexecutive director compensation. The plaintiff is seeking relief including disgorgement of payments made to the defendants, an award of unspecified damages and an award for attorneys' fees and other costs. We and the defendants filed a motion to dismiss the complaint and a supporting brief on September 5, 2014, asserting that the complaint failed to state a claim on which relief could be granted, and further that the plaintiff did not comply with procedural requirements necessary to allow him to commence litigation against certain directors on our behalf. The Court has not yet ruled on that motion. In any event, our company is only a nominal defendant in this litigation, and we do not expect the resolution of this matter to have a material adverse effect on our results of operations, cash flows or financial position.

Various other actions and claims are pending against us, most of which are covered by insurance. Although we cannot predict the ultimate outcome of these matters, we believe that our ultimate liability, if any, that may result from these other actions and claims will not materially affect our results of operations, cash flows or financial position.

Letters of Credit

We had \$58 million and \$70 million in letters of credit outstanding as of December 31, 2015 and 2014, respectively, as guarantees in force for self-insurance requirements and various bid and performance bonds, which are usually for the duration of the applicable contract.

Financial Instruments and Risk Concentration

In the normal course of business, we manage risks associated with foreign exchange rates and interest rates through a variety of strategies, including the use of hedging transactions. As a matter of policy, we do not use derivative instruments unless there is an underlying exposure.

Other financial instruments that potentially subject us to concentrations of credit risk are principally cash and cash equivalents and accounts receivable. The carrying value of cash and cash equivalents approximates its fair value due to the short maturity of the underlying instruments. Accounts receivable are generated from a broad group of customers, primarily from within the energy industry, which is our major source of revenue. Due to their short-term nature, carrying values of our accounts receivable and accounts payable approximate fair market value. The carrying values of borrowings under the Credit Agreement approximate their fair values because the short-term durations of the associated interest rate periods reflect market changes to interest rates. Our borrowings under the Credit Agreement are classified as Level 2 in the fair value hierarchy under U.S. GAAP (inputs other than quoted prices in active markets for similar assets and liabilities that are observable or can be corroborated by observable market data for substantially the full term for the assets or liabilities).

We estimated the fair market value of the Senior Notes to be \$422 million at December 31, 2015. We arrived at this estimate by computing the net present value of the future principal and interest payments using a yield to maturity interest rate for securities of similar credit quality and term. The Senior Notes are classified as Level 2 in the fair value hierarchy under U.S. GAAP.

We have an interest rate swap in place on \$100 million of the Senior Notes for the period from November 2014 to November 2024. The agreement swaps the fixed interest rate of 4.650% on \$100 million of the Senior Notes to the floating rate of one month LIBOR plus 2.426%. We estimate the fair value of the interest rate swap to be an asset, included on our balance sheet in our other non-current assets, of \$1.9 million at December 31, 2015. This asset value was arrived at using a discounted cash flow model using Level 2 inputs.

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7. OPERATIONS BY BUSINESS SEGMENT AND GEOGRAPHIC AREA

Business Segment Information

We are a global oilfield provider of engineered services and products, primarily to the offshore oil and gas industry, with a focus on deepwater applications. Through the use of our applied technology expertise, we also serve the defense, aerospace and commercial theme park industries. Our Oilfield business consists of Remotely Operated Vehicles ("ROVs"), Subsea Products, Subsea Projects and Asset Integrity. Our ROV segment provides submersible vehicles operated from the surface to support offshore oil and gas exploration, development and production activities. Our Subsea Products segment supplies a variety of specialty subsea hardware and related services. Our Subsea Projects segment provides multiservice subsea support vessels and oilfield diving and support vessel operations, primarily for inspection, maintenance and repair and installation activities. Since April 2015, we have also provided survey, autonomous underwater vehicle ("AUV") and satellite-positioning services. Our Asset Integrity segment provides asset integrity management and assessment services and nondestructive testing and inspection. Our Advanced Technologies business provides project management, engineering services and equipment for applications in non-oilfield markets. Unallocated Expenses are those not associated with a specific business segment. These consist of expenses related to our incentive and deferred compensation plans, including restricted stock and bonuses, as well as other general expenses, including corporate administrative expenses.

There are no differences in the basis of segmentation or in the basis of measurement of segment profit or loss in the year ended December 31, 2015 from those used in our consolidated financial statements for the years ended December 31, 2014 and 2013.

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The table that follows presents Revenue, Income from Operations, Depreciation and Amortization Expense and Equity Earnings of Unconsolidated Affiliates by business segment:

| (in thousands) | Year Ended December 31, | | |
|---------------------------------------|-------------------------|-------------|-------------|
| | 2015 | 2014 | 2013 |
| Revenue | | | |
| Oilfield | | | |
| Remotely Operated Vehicles | \$807,723 | \$1,069,022 | \$981,728 |
| Subsea Products | 959,714 | 1,238,746 | 1,027,792 |
| Subsea Projects | 604,484 | 588,572 | 509,440 |
| Asset Integrity | 372,957 | 500,237 | 481,919 |
| Total Oilfield | 2,744,878 | 3,396,577 | 3,000,879 |
| Advanced Technologies | 317,876 | 263,047 | 286,140 |
| Total | \$3,062,754 | \$3,659,624 | \$3,287,019 |
| Income from Operations | | | |
| Oilfield | | | |
| Remotely Operated Vehicles | \$192,514 | \$320,550 | \$281,973 |
| Subsea Products | 175,585 | 281,239 | 231,050 |
| Subsea Projects | 92,034 | 107,852 | 93,865 |
| Asset Integrity | 18,235 | 55,469 | 55,243 |
| Total Oilfield | 478,368 | 765,110 | 662,131 |
| Advanced Technologies | 9,689 | 13,230 | 24,954 |
| Unallocated Expenses | (114,247) | (150,010) | (141,969) |
| Total | \$373,810 | \$628,330 | \$545,116 |
| Depreciation and Amortization Expense | | | |
| Oilfield | | | |
| Remotely Operated Vehicles | \$143,364 | \$145,691 | \$128,310 |
| Subsea Products | 49,792 | 46,085 | 39,964 |
| Subsea Projects | 29,863 | 18,561 | 15,331 |
| Asset Integrity | 10,713 | 12,775 | 12,401 |
| Total Oilfield | 233,732 | 223,112 | 196,006 |
| Advanced Technologies | 2,549 | 2,574 | 2,682 |
| Unallocated Expenses | 4,954 | 4,093 | 3,540 |
| Total | \$241,235 | \$229,779 | \$202,228 |

We determine income from operations for each business segment before interest income or expense, other income (expense) and provision for income taxes. We do not consider an allocation of these items to be practical.

During 2015, we recognized restructuring expenses of \$25.4 million, attributable to each reporting segment as follows:

Remotely Operated Vehicles - \$7.2 million;
Subsea Products - \$8.7 million;
Subsea Projects - \$2.5 million;
Asset Integrity - \$6.4 million;
Advanced Technologies - \$0.2 million; and
Unallocated Expenses - \$0.4 million.

The restructuring expenses consisted substantially of severance costs that totaled \$23.1 million during the year, of which \$7.0 million was unpaid at December 31, 2015.

During each of 2015, 2014 and 2013, revenue from one customer, BP plc and subsidiaries, accounted for 18% of our total consolidated annual revenue.

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The following table presents Assets, Property and Equipment and Goodwill by business segment as of the dates indicated:

| (in thousands) | December 31, | |
|-----------------------------|--------------|-------------|
| | 2015 | 2014 |
| Assets | | |
| Oilfield | | |
| Remotely Operated Vehicles | \$951,001 | \$1,148,680 |
| Subsea Products | 890,041 | 904,935 |
| Subsea Projects | 671,019 | 448,378 |
| Asset Integrity | 295,955 | 347,411 |
| Total Oilfield | 2,808,016 | 2,849,404 |
| Advanced Technologies | 97,764 | 86,203 |
| Corporate and Other | 523,756 | 569,333 |
| Total | \$3,429,536 | \$3,504,940 |
| Property and Equipment, net | | |
| Oilfield | | |
| Remotely Operated Vehicles | \$580,315 | \$693,240 |
| Subsea Products | 348,042 | 336,125 |
| Subsea Projects | 277,695 | 214,478 |
| Asset Integrity | 35,359 | 41,624 |
| Total Oilfield | 1,241,411 | 1,285,467 |
| Advanced Technologies | 12,614 | 8,780 |
| Corporate and Other | 12,706 | 11,575 |
| Total | \$1,266,731 | \$1,305,822 |
| Goodwill | | |
| Oilfield | | |
| Remotely Operated Vehicles | \$24,344 | \$25,458 |
| Subsea Products | 88,279 | 99,656 |
| Subsea Projects | 149,389 | 19,712 |
| Asset Integrity | 143,018 | 164,806 |
| Total Oilfield | 405,030 | 309,632 |
| Advanced Technologies | 21,842 | 21,842 |
| Total | \$426,872 | \$331,474 |

All assets specifically identified with a particular business segment have been segregated. Cash and cash equivalents, certain other current assets, certain investments and certain other assets have not been allocated to particular business segments and are included in Corporate and Other.

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The following table presents Capital Expenditures, including business acquisitions, by business segment for the periods indicated:

| (in thousands) | Year Ended December 31, | | |
|----------------------------|-------------------------|-----------|-----------|
| | 2015 | 2014 | 2013 |
| Capital Expenditures | | | |
| Oilfield | | | |
| Remotely Operated Vehicles | \$57,558 | \$188,848 | \$225,885 |
| Subsea Products | 69,434 | 112,851 | 102,653 |
| Subsea Projects | 276,308 | 91,918 | 40,833 |
| Asset Integrity | 9,841 | 27,027 | 8,327 |
| Total Oilfield | 413,141 | 420,644 | 377,698 |
| Advanced Technologies | 5,015 | 2,352 | 13,175 |
| Corporate and Other | 5,832 | 3,675 | 2,717 |
| Total | \$423,988 | \$426,671 | \$393,590 |
| Geographic Operating Areas | | | |

The following table summarizes certain financial data by geographic area:

| (in thousands) | Year Ended December 31, | | |
|--------------------|-------------------------|-------------|-------------|
| | 2015 | 2014 | 2013 |
| Revenue | | | |
| Foreign: | | | |
| Africa | \$659,038 | \$795,229 | \$696,202 |
| United Kingdom | 367,326 | 456,804 | 383,397 |
| Norway | 250,272 | 488,789 | 461,915 |
| Asia and Australia | 245,978 | 317,277 | 335,129 |
| Brazil | 118,056 | 185,299 | 213,282 |
| Other | 116,647 | 98,881 | 90,456 |
| Total Foreign | 1,757,317 | 2,342,279 | 2,180,381 |
| United States | 1,305,437 | 1,317,345 | 1,106,638 |
| Total | \$3,062,754 | \$3,659,624 | \$3,287,019 |
| Long-Lived Assets | | | |
| Foreign: | | | |
| Norway | \$274,868 | \$332,503 | \$429,603 |
| Africa | 205,440 | 215,122 | 186,865 |
| United Kingdom | 138,327 | 113,191 | 99,250 |
| Asia and Australia | 71,438 | 90,061 | 83,885 |
| Brazil | 57,896 | 99,269 | 112,840 |
| Other | 43,128 | 56,079 | 38,516 |
| Total Foreign | 791,097 | 906,225 | 950,959 |
| United States | 1,070,841 | 838,273 | 691,404 |
| Total | \$1,861,938 | \$1,744,498 | \$1,642,363 |

Revenue is based on location where services are performed and products are manufactured.

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8. EMPLOYEE BENEFIT PLANS

Retirement Investment Plans

We have several employee retirement investment plans that, taken together, cover most of our full-time employees. The Oceaneering Retirement Investment Plan is a 401(k) plan in which U.S. employees may participate by deferring a portion of their gross monthly salary and directing us to contribute the deferred amount to the plan. We match a portion of the employees' deferred compensation. Our contributions to the 401(k) plan were \$22.8 million, \$21.3 million and \$18.4 million for the plan years ended December 31, 2015, 2014 and 2013, respectively. In 2013, we amended the plan to give plan participants the option to be paid directly, or through the plan within 90 days of the close of the plan year, for dividends on Oceaneering International, Inc. stock that the plan participants held within the plan. This change allowed us to realize a tax benefit from tax deductions in excess of financial statement expense of \$1.1 million and \$0.8 million in 2015 and 2014, respectively.

We also make matching contributions to foreign employee savings plans similar in nature to a 401(k) plan. In 2015, 2014 and 2013, these contributions, principally related to plans associated with U.K. and Norwegian subsidiaries, were \$15.1 million, \$18.7 million and \$17.4 million, respectively.

The Oceaneering International, Inc. Supplemental Executive Retirement Plan covers selected key management employees and executives, as approved by the Compensation Committee of our Board of Directors (the "Compensation Committee"). Under this plan, we accrue an amount determined as a percentage of the participant's gross monthly salary and the amounts accrued are treated as if they are invested in one or more investment vehicles pursuant to this plan. Expenses related to this plan during 2015, 2014 and 2013 were \$3.3 million, \$3.3 million and \$3.4 million, respectively.

We have defined benefit plans covering some of our employees in the U.K. and Norway. There are no further benefits accruing under the U.K. plan, and the Norway plan is closed to new participants. The projected benefit obligations for both plans were \$28 million and \$32 million, at December 31, 2015 and 2014, respectively, and the fair values of the plan assets (using Level 2 inputs) for both plans were \$26 million and \$27 million at December 31, 2015 and 2014, respectively.

Incentive Plan

Under our Amended and Restated 2010 Incentive Plan (the "Incentive Plan"), shares of our common stock are made available for awards to employees and nonemployee members of our Board of Directors.

The Incentive Plan is administered by the Compensation Committee; however, the full Board of Directors makes determinations regarding awards to nonemployee directors under the Incentive Plan. The Compensation Committee or our Board of Directors, as applicable, determines the type(s) of award(s) to be made to each participant and sets forth in the related award agreement the terms, conditions and limitations applicable to each award. Stock options, stock appreciation rights and stock and cash awards may be made under the Incentive Plan. There has been no stock option activity after December 31, 2010 and there are no options outstanding under the Incentive Plan. We have not granted any stock options since 2005 and the Compensation Committee has expressed its intention to refrain from using stock options as a component of employee compensation for our executive officers and other employees for the foreseeable future. Additionally, the Board of Directors has expressed its intention to refrain from using stock options as a component of nonemployee director compensation for the foreseeable future.

In 2015, 2014 and 2013, the Compensation Committee granted awards of performance units to certain of our key executives and employees and, in 2014 and 2013, our Board of Directors granted performance units under a prior incentive plan to our Chairman of the Board of Directors (our "Chairman"). The performance units awarded are scheduled to vest in full on the third anniversary of the award date, or pro rata over three years if the participant meets certain age and years of service requirements. The Compensation Committee and the Board of Directors have approved specific financial goals and measures (as defined in the Performance Award Goals and Measures), based on our cumulative cash flow from operations and a comparison of return on invested capital and cost of capital for each of the three-year periods ending December 31, 2017, 2016 and 2015 to be used as the basis for the final value of the performance units. The final value of each performance unit granted in 2015, 2014 and 2013 may range from \$0 to \$150. Upon vesting and determination of value, the value of the performance units will be payable in cash.

Compensation expense related to the performance units was \$6.8 million, \$22.8 million and \$22.9 million in 2015, 2014 and 2013, respectively. As of December 31, 2015, there were 462,674 performance units outstanding.

During 2015, 2014 and 2013, the Compensation Committee granted restricted units of our common stock to certain of our key executives and employees. During 2015, our Board of Directors granted restricted common stock to our nonemployee directors. During 2014 and 2013, our Board of Directors granted restricted units of our common stock to our Chairman and restricted common stock to our other nonemployee directors. Over 65%, 60%, and 60% of the grants made to our employees in 2015, 2014 and 2013, respectively, vest in full on the third anniversary of the award date, conditional upon continued employment. The remainder of the grants made to employees and all the grants of restricted stock units made to our Chairman vest pro rata over three years, as these participants meet certain age and years-of-service requirements. For the grants of restricted stock units to each of the participant employees and the Chairman, the participant will be issued a share of our common stock for the participant's vested restricted stock units at the earlier of three years or, if the participant vested earlier after meeting the age and service requirements, following termination of employment or service. The grants of restricted stock to our nonemployee directors were scheduled to vest in full on the first anniversary of the award date conditional upon continued service as a director, with two exceptions. In each of February 2013 and February 2015, we granted shares of restricted common stock to a director who had given written notice of his intention to retire from our board of directors. Those shares were to vest if the director's service continued until the election of directors at our subsequent annual meeting of shareholders in April 2013 and May 2015, respectively. Both directors fulfilled that requirement by resigning concurrent with that election and the shares of restricted stock became vested.

In April 2009, the Compensation Committee adopted a policy that Oceaneering will not provide U.S. federal income tax gross-up payments to any of its directors or executive officers in connection with future awards of restricted stock or stock units. This policy had no effect on existing change-in-control agreements with two of our executive officers or the existing service agreement with our Chairman, which provide for tax gross-up payments that could become applicable to such future awards in limited circumstances, such as following a change in control of Oceaneering. Since August 2010, there have been no outstanding awards that provide for tax gross-up payments.

The tax benefit (additional charge) realized from tax deductions in excess of (less than) the financial statement expense of our restricted stock grants was \$(0.9) million, \$3.1 million and \$3.4 million in 2015, 2014 and 2013, respectively.

The following is a summary of our restricted stock and restricted stock unit activity for 2015, 2014 and 2013:

| | Number | Weighted Average Fair Value | Aggregate Intrinsic Value |
|------------------------------|-----------|-----------------------------------|------------------------------|
| Balance at December 31, 2012 | 1,031,572 | \$42.27 | |
| Granted | 330,705 | 62.55 | |
| Issued | (376,078 |) 33.18 | \$23,904,000 |
| Forfeited | (25,909 |) 52.72 | |
| Balance at December 31, 2013 | 960,290 | 52.53 | |
| Granted | 299,274 | 70.63 | |
| Issued | (411,800 |) 43.57 | \$29,043,000 |
| Forfeited | (33,364 |) 62.66 | |
| Balance at December 31, 2014 | 814,400 | 63.30 | |
| Granted | 380,991 | 52.40 | |
| Issued | (311,119 |) 57.94 | \$16,518,000 |
| Forfeited | (52,981 |) 60.45 | |
| Balance at December 31, 2015 | 831,291 | \$60.49 | |

The restricted stock units granted in 2015, 2014 and 2013 carry no voting rights and no dividend rights. Each grantee of shares of restricted common stock is deemed to be the record owner of those shares during the restriction period, with the right to vote and receive any dividends on those shares.

Grants of restricted stock units are valued at their estimated fair values as of their respective grant dates. The grants in 2015, 2014 and 2013 were subject only to vesting conditioned on continued employment or service as a nonemployee director; therefore, these grants were valued at the grant date fair market value using the closing price of our stock on the New York Stock Exchange.

Compensation expense under the restricted stock plans was \$15.9 million, \$17.2 million and \$16.7 million for 2015, 2014 and 2013, respectively. As of December 31, 2015, we had \$14.9 million of future expense to be recognized related to our restricted stock unit plans over a weighted average remaining life of 1.7 years.

Post-Employment Benefit

In 2001, we entered into an agreement with our Chairman who was also then our Chief Executive Officer. That agreement was amended in 2006 and in 2008. Pursuant to the amended agreement, the Chairman relinquished his position as Chief Executive Officer in May 2006 and began his post-employment service period on December 31, 2006, which continued through August 15, 2011, during which service period the Chairman, acting as an independent contractor, agreed to serve as nonexecutive Chairman of our Board of Directors. The agreement provides the Chairman with post-employment benefits for ten years following August 15, 2011. The agreement also provides for medical coverage on an after-tax basis to the Chairman, his spouse and children for their lives. We recognized the net present value of the post-employment benefits over the expected service period. Our total accrued liabilities, current and long-term, under this post-employment benefit were \$5.1 million and \$5.7 million at December 31, 2015 and 2014, respectively.

As part of the arrangements relating to the Chairman's post-employment benefits, we established an irrevocable grantor trust, commonly known as a "rabbi trust," to provide the Chairman greater assurance that we will set aside an adequate source of funds to fund payment of the post-retirement benefits under this agreement, including the medical coverage benefits payable to the Chairman, his spouse and their children for their lives. In connection with establishment of the rabbi trust, we contributed to the trust a life insurance policy on the life of the Chairman, which we had previously obtained, and we agreed to continue to pay the premiums due on that policy. When the life insurance policy matures, the proceeds of the policy will become assets of the trust. If the value of the trust exceeds \$4 million, as adjusted by the consumer price index, at any time after January 1, 2012, the excess may be paid to us. However, because the trust is irrevocable, the assets of the trust are generally not available to fund our future operations until the trust terminates, which is not expected to be during the lives of the Chairman, his spouse or their children. Furthermore, no tax deduction will be available for our contributions to the trust; however, we may benefit from future tax deductions for benefits actually paid from the trust (although benefit payments from the trust are not expected to occur in the near term, because we expect to make direct payments of those benefits for the foreseeable future).

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SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

(in thousands, except per share data)

| Quarter Ended | Year Ended December 31, 2015 | | | | Total |
|---|------------------------------|-----------|-----------|-----------|-------------|
| | March 31 | June 30 | Sept. 30 | Dec. 31 | |
| Revenue | \$786,772 | \$810,303 | \$743,613 | \$722,066 | \$3,062,754 |
| Gross margin | 163,449 | 167,545 | 168,313 | 106,122 | 605,429 |
| Income from operations | 106,650 | 107,940 | 113,464 | 45,756 | 373,810 |
| Net income | 69,499 | 65,468 | 68,539 | 27,505 | 231,011 |
| Diluted earnings per share | \$0.70 | \$0.66 | \$0.70 | \$0.28 | \$2.34 |
| Weighted average number of diluted shares outstanding | 99,912 | 98,893 | 98,185 | 98,268 | 98,808 |
| Quarter Ended | Year Ended December 31, 2014 | | | | Total |
| | March 31 | June 30 | Sept. 30 | Dec. 31 | |
| Revenue | \$840,201 | \$927,407 | \$973,089 | \$918,927 | \$3,659,624 |
| Gross margin | 189,491 | 218,215 | 241,855 | 209,640 | 859,201 |
| Income from operations | 132,862 | 161,311 | 181,918 | 152,239 | 628,330 |
| Net income | 91,225 | 110,295 | 124,338 | 102,471 | 428,329 |
| Diluted earnings per share | \$0.84 | \$1.02 | \$1.16 | \$0.99 | \$4.00 |
| Weighted average number of diluted shares outstanding | 108,724 | 108,421 | 107,407 | 103,851 | 107,091 |

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Exhibit Index

| | | Registration or File Number | Form of Report | Report Date | Exhibit Number |
|---|--|-----------------------------------|-------------------|-------------|-------------------|
| * 3.01 | Restated Certificate of Incorporation | 1-10945 | 10-K | Dec. 2000 | 3.01 |
| * 3.02 | Certificate of Amendment to Restated Certificate of Incorporation | 1-10945 | 8-K | May 2008 | 3.1 |
| * 3.03 | Certificate of Amendment to Restated Certificate of Incorporation | 1-10945 | 8-K | May 2014 | 3.1 |
| * 3.04 | Amended and Restated Bylaws | 1-10945 | 8-K | Aug. 2015 | 3.1 |
| * 4.01 | Specimen of Common Stock Certificate | 1-10945 | 10-K | Mar. 1993 | 4(a) |
| * 4.02 | Credit Agreement, dated as of October 27, 2014, by and among Oceaneering International, Inc., Wells Fargo Bank, National Association, as administrative agent and swing line lender, and certain lenders party thereto | 1-10945 | 8-K | Oct. 2014 | 4.1 |
| * 4.03 | Agreement and amendment No. 1 to Credit Agreement | 1-10945 | 8-K | Nov. 2015 | 4.1 |
| * 4.04 | Indenture dated, November 21, 2014, between Oceaneering International, Inc. and Wells Fargo Bank, National Association, as Trustee, relating to senior debt securities of Oceaneering International, Inc. | 1-10945 | 8-K | Nov. 2014 | 4.1 |
| * 4.05 | First Supplemental Indenture, dated November 21, 2014, between Oceaneering International, Inc. and Wells Fargo Bank, National Association, as Trustee, providing for the issuance of Oceaneering International, Inc.'s 4.650% Senior Notes due 2024 (including Form of Notes). | 1-10945 | 8-K | Nov. 2014 | 4.2 |
| We and certain of our consolidated subsidiaries are parties to debt instruments under which the total amount of securities authorized does not exceed 10% of our total consolidated assets. Pursuant to paragraph 4(iii)(A) of Item 601(b) of Regulation S-K, we agree to furnish a copy of those instruments to the Securities and Exchange Commission on request. | | | | | |
| * 10.01 | Oceaneering International, Inc. Retirement Investment Plan, Amended and Restated effective January 1, 2013 | 1-10945 | 10-Q | June 2014 | 10.01 |
| * 10.02 | + First Amendment to the Oceaneering Retirement Investment Plan, effective June 1, 2014 | 1-10945 | 10-K | Dec. 2014 | 10.02 |
| * 10.03 | + Second Amendment to the Oceaneering Retirement Investment Plan, effective January 1, 2015 | 1-10945 | 10-K | Dec. 2014 | 10.35 |
| * 10.04 | + Oceaneering Retirement Investment Plan Trust Agreement effective December 31, 2013 | 1-10945 | 10-K | Dec. 2014 | 10.13 |
| * 10.05 | + Amended and Restated Service Agreement dated as of December 21, 2006 between Oceaneering and John R. Huff | 1-10945 | 8-K | Dec. 2006 | 10.1 |

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| | | | | | |
|---------|--|---------|-----|-----------|------|
| * 10.06 | Modification to Service Agreement dated as of +December 21, 2006 between Oceaneering and John R. Huff | 1-10945 | 8-K | Dec. 2008 | 10.9 |
| * 10.07 | Trust Agreement dated as of May 12, 2006 +between Oceaneering and United Trust Company, National Association | 1-10945 | 8-K | May 2006 | 10.2 |

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|---------|---|------------|---------|-----------|------------|
| * 10.08 | First Amendment to Trust Agreement dated as of May 12, 2006 between Oceaneering International, Inc. and Bank of America National Association, as successor trustee Oceaneering International, Inc. Supplemental | 1-10945 | 8-K | Dec. 2008 | 10.10 |
| * 10.09 | + Executive Retirement Plan, as amended and restated effective January 1, 2009 Amended and Restated Oceaneering International, Inc. Supplemental Executive | 1-10945 | 8-K | Dec. 2008 | 10.5 |
| * 10.10 | + Retirement Plan, as amended and restated effective January 1, 2000 (for Internal Revenue Code Section 409A-grandfathered benefits) | 1-10945 | 8-K | Dec. 2008 | 10.6 |
| * 10.11 | + Change-of-Control Agreements dated as of November 16, 2001 between Oceaneering and M. Kevin McEvoy and Marvin J. Migura Form of First Amendment to | 1-10945 | 10-K | Dec. 2001 | 10.06 |
| * 10.12 | + Change-of-Control Agreement with M. Kevin McEvoy and Marvin J. Migura Form of Change-of-Control Agreement and | 1-10945 | 8-K | Dec. 2008 | 10.7 |
| * 10.13 | + Annex for Roderick A. Larson | 1-10945 | 8-K | Aug. 2015 | 10.3 |
| * 10.14 | + Form of Change-of-Control Agreement | 1-10945 | 8-K | May 2011 | 10.5 |
| * 10.15 | + Form of Indemnification Agreement | 1-10945 | 8-K | May 2011 | 10.4 |
| * 10.16 | + 2010 Incentive Plan | 333-166612 | S-8 | May 2010 | 4.6 |
| * 10.17 | + Amended and Restated 2010 Incentive Plan | 1-10945 | DEF 14A | Apr. 2015 | Appendix A |
| * 10.18 | + Form of 2013 Employee Restricted Stock Unit Agreement for Executive Officers | 1-10945 | 8-K | Feb. 2013 | 10.1 |
| * 10.19 | + Form of 2013 Chairman Restricted Stock Unit Agreement for John R. Huff | 1-10945 | 8-K | Feb. 2013 | 10.3 |
| * 10.20 | + Form of 2013 Performance Unit Agreement for Executive Officers | 1-10945 | 8-K | Feb. 2013 | 10.2 |
| * 10.21 | + Form of 2013 Chairman Performance Unit Agreement for John R. Huff | 1-10945 | 8-K | Feb. 2013 | 10.4 |
| * 10.22 | + 2013 Performance Award: Goals and Measures, relating to the form of 2013 Performance Unit Agreement for its executive officers and 2013 Chairman Performance Unit Agreement | 1-10945 | 8-K | Feb. 2013 | 10.5 |
| * 10.23 | + Form of 2013 Nonemployee Director Restricted Stock Agreement for T. Jay Collins, Jerold J. DesRoche, D. Michael Hughes, Paul B. Murphy, Jr. and Harris J. Pappas | 1-10945 | 8-K | Feb. 2013 | 10.6 |
| * 10.24 | + Oceaneering International, Inc. 2014 Annual Bonus Award Program Summary | 1-10945 | 8-K | Feb. 2015 | 10.6 |
| * 10.25 | + Form of 2014 Employee Restricted Stock Unit Agreement for Executive Officers | 1-10945 | 8-K | Feb. 2014 | 10.1 |
| * 10.26 | + Form of 2014 Chairman Restricted Stock Unit Agreement for Mr. Huff | 1-10945 | 8-K | Feb. 2014 | 10.3 |
| * 10.27 | + Form of 2014 Performance Unit Agreement for Executive Officers | 1-10945 | 8-K | Feb. 2014 | 10.2 |

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| | | | | | |
|---------|--|---------|-----|-----------|------|
| * 10.28 | + Form of 2014 Chairman Performance Unit Agreement for Mr. Huff | 1-10945 | 8-K | Feb. 2014 | 10.4 |
| | 2014 Performance Award: Goals and Measures, relating to the form of 2014 | | | | |
| * 10.29 | + Performance Unit Agreement for its executive officers and 2014 Chairman Performance Unit Agreement | 1-10945 | 8-K | Feb. 2014 | 10.5 |

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| | | | | | |
|---------|---|---------|-----|-----------|------|
| * 10.30 | Form of 2014 Nonemployee Director Restricted Stock Agreement for Messrs. Collins, DesRoche, Hughes, Murphy and Pappas | 1-10945 | 8-K | Feb. 2014 | 10.6 |
| * 10.31 | Oceaneering International, Inc. 2015 Annual Bonus Award Program Summary | 1-10945 | 8-K | Feb. 2015 | 10.7 |
| * 10.32 | +Form of 2015 Restricted Stock Unit Agreement | 1-10945 | 8-K | Feb. 2015 | 10.1 |
| * 10.33 | +Form of 2015 Performance Unit Agreement | 1-10945 | 8-K | Feb. 2015 | 10.2 |
| * 10.34 | 2015 Performance Award: Goals and Measures, relating to the form of 2015 Performance Unit Agreement | 1-10945 | 8-K | Feb. 2015 | 10.3 |
| * 10.35 | Form of 2015 Nonemployee Director Restricted Stock Agreement for Messrs. Collins, Huff, Hughes, Murphy and Pappas | 1-10945 | 8-K | Feb. 2015 | 10.4 |
| * 10.36 | +Form of 2015 Nonemployee Director Restricted Stock Agreement for Mr. DesRoche | 1-10945 | 8-K | Feb. 2015 | 10.5 |
| 12.01 | Computation of Ratio of Earnings to Fixed Charges | | | | |
| 21.01 | Subsidiaries of Oceaneering | | | | |
| 23.01 | Consent of Independent Registered Public Accounting Firm | | | | |
| 31.01 | Rule 13a – 14(a)/15d – 14(a) certification of principal executive officer | | | | |
| 31.02 | Rule 13a – 14(a)/15d – 14(a) certification of principal financial officer | | | | |
| 32.01 | Section 1350 certification of principal executive officer | | | | |
| 32.02 | Section 1350 certification of principal financial officer | | | | |
| 101.INS | XBRL Instance Document | | | | |
| 101.SCH | XBRL Taxonomy Extension Schema Document | | | | |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document | | | | |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document | | | | |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document | | | | |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document | | | | |
| * | Exhibit previously filed with the Securities and Exchange Commission, as indicated, and incorporated herein by reference. | | | | |
| + | Management contract or compensatory plan or arrangement. | | | | |
| * | Exhibit previously filed with the Securities and Exchange Commission, as indicated, and incorporated herein by reference. | | | | |
| + | Management contract or compensatory plan or arrangement. | | | | |