

OCEANEERING INTERNATIONAL INC

Form 8-K

February 03, 2006

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): February 2, 2006

OCEANEERING INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

1-10945

(Commission File Number)

95-2628227

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

11911 FM 529

Houston, Texas

(Address of principal executive offices)

77041

(Zip Code)

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

On February 2, 2006, the Compensation Committee of the Board of Directors of Oceaneering International, Inc. (the Compensation Committee) granted awards of restricted stock units and performance units under the Company's 2005 Incentive Plan (the Incentive Plan) to each of Oceaneering's executive officers. The following table sets forth the number of restricted stock units and performance units awarded to Oceaneering's chief executive officer and each other named executive officer listed in the Summary Compensation Table in Oceaneering's proxy statement for its 2005 annual meeting of stockholders:

Name and Position	Number of Performance Units(1)	Number of Restricted Stock Units(2)
John R. Huff Chairman of the Board and Chief Executive Officer	14,000	14,000
T. Jay Collins President and Chief Operating Officer	14,000	14,000
M. Kevin McEvoy Senior Vice President	6,000	6,000
Marvin J. Migura Senior Vice President and Chief Financial Officer	5,300	5,300
George R. Haubenreich, Jr. Senior Vice President, General Counsel and Secretary	5,300	5,300

(1) The performance units are scheduled to vest in full on the third anniversary of the award date, subject to (a) earlier vesting on an employee's attainment of retirement age or the termination or constructive termination of an employee's employment in connection with a change of control or due to death or

disability and
(b) such other
terms as are set
forth in the
award
agreement. The
number of
performance
units shown
represent units
with an initial
notional value
of \$100 and are
not equivalent
to shares of
Oceaneering
common stock.
The
Compensation
Committee has
approved
specific
financial goals
and
performance
measures based
on cumulative
cash flow from
operations and a
comparison of
return on
invested capital
and cost of
capital for the
three-year
period
January 1, 2006
through
December 31,
2008 to be used
as the basis for
the final value
of the
performance
units under the
Incentive Plan.
The final value
of each
performance
unit may range
from \$0 to

\$125. Upon settlement, the value of the performance units will be payable in cash.

- (2) Restricted stock units are scheduled to vest in full on the third anniversary of the award date, subject to (a) earlier vesting on an employee's attainment of retirement age or the termination or constructive termination of an employee's employment in connection with a change of control or due to death or disability and (b) such other terms as are set forth in the award agreement. Each restricted stock unit represents the equivalent of one share of Oceaneering common stock. Settlement of the restricted stock units will be made in shares of the Company's common stock.

In addition, the Board of Directors of Oceaneering (the Board) approved the grant of 4,000 shares of restricted stock to each of the Company's four non-employee directors. The

restricted stock awards are scheduled to vest in full on the first anniversary of the award date, subject to (a) earlier vesting on a change of control or the termination of the director's service due to death and (b) such other terms as are set forth in the award agreement.

The Compensation Committee approved the grant of an aggregate of 99,325 restricted stock units and 83,000 performance units, and the Board approved the grant of an aggregate of 16,000 shares of restricted stock, including the awards referenced in the table and the discussion above. Those awards were made to a total of 205 Incentive Plan participants.

In addition, the Compensation Committee approved: (1) the form of 2006 Employee Restricted Stock Unit Agreement that will govern the terms and conditions of restricted stock unit awards made to the Company's executive officers and other employees; and (2) the form of 2006 Performance Unit Agreement that will govern the terms and conditions of performance unit awards made to the Company's executive officers and other employees. The Board approved the form of 2006 Non-Employee Director Restricted Stock Agreement that will govern the terms and conditions of restricted stock awards made to non-employee directors.

In light of the new accounting principles established by the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 123 (Revised 2004), *Share-Based Payment*, which Oceaneering adopted effective as of January 1, 2006, the Compensation Committee has expressed its intention to refrain from using stock options as a component of employee compensation for Oceaneering's executive officers and other employees for the foreseeable future, and the Board has expressed its intention to refrain from using stock options as a component of non-employee director compensation for the foreseeable future.

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

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

10.1 Form of 2006 Employee Restricted Stock Unit Agreement

10.2 Form of 2006 Performance Unit Agreement

10.3 2006 Performance Award: Goals and Measures, relating to the form of 2006 Performance Unit Agreement

10.4 Form of 2006 Non-Employee Director Restricted Stock Agreement

SIGNATURE

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

OCEANEERING INTERNATIONAL, INC.

By: /s/ George R. Haubenreich, Jr.
George R. Haubenreich, Jr.
Senior Vice President, General Counsel
and Secretary

Date: February 3, 2006

EXHIBIT INDEX

No. Description

- 10.1 Form of 2006 Employee Restricted Stock Unit Agreement
- 10.2 Form of 2006 Performance Unit Agreement
- 10.3 2006 Performance Award: Goals and Measures, relating to the form of 2006 Performance Unit Agreement
- 10.4 Form of 2006 Non-Employee Director Restricted Stock Agreement