

OCEANEERING INTERNATIONAL INC

Form DEF 14A

March 29, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

OCEANEERING INTERNATIONAL, INC.

(Name of Registrant as Specified in its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

Title of each class of securities to which transaction applies:

1)

Aggregate number of securities to which transaction applies:

2)

Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

3)

Proposed maximum aggregate value of transaction:

4)

5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 240.0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount previously paid:

1)

Form, Schedule or Registration Statement No.:

2)

3) Filing party:

Date filed:

4)

OCEANEERING INTERNATIONAL, INC.
11911 FM 529, Houston, Texas 77041-3000

March 29, 2017

Dear Shareholder:

You are cordially invited to attend the 2017 Annual Meeting of Shareholders of Oceaneering International, Inc. The meeting will be held on Friday, May 5, 2017, at 8:30 a.m., local time, in the Atrium of our corporate offices at 11911 FM 529, Houston, Texas 77041.

On the following pages, you will find the Notice of Annual Meeting of Shareholders and Proxy Statement giving information concerning the matters to be acted on at the meeting. Our Annual Report to Shareholders describing Oceaneering's operations during the year ended December 31, 2016 is enclosed.

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

Thank you for your interest in Oceaneering.

John R. Huff M. Kevin McEvoy
Chairman of the Board Chief Executive Officer

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to Be Held on May 5, 2017.

The proxy statement and annual report are available on the Internet at

<http://www.oceaneering.com/investor-relations/annual-reports-and-proxy-statements/>.

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

• the date, time and location of the meeting;

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

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

• information about attending the meeting and voting in person.

OCEANEERING INTERNATIONAL, INC.
11911 FM 529, Houston, Texas 77041-3000

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
To Be Held May 5, 2017

To the Shareholders of Oceaneering International, Inc.:

The Annual Meeting of Shareholders of Oceaneering International, Inc., a Delaware corporation (“Oceaneering”), will be held on Friday, May 5, 2017, at 8:30 a.m., local time, in the Atrium of our corporate offices at 11911 FM 529, Houston, Texas 77041 for the following purposes:

- elect three Class I directors as members of the Board of Directors of Oceaneering to serve until the 2020 Annual Meeting of Shareholders or until a successor has been duly elected and qualified (Proposal 1);
- approve Oceaneering’s Second Amended and Restated 2010 Incentive Plan (Proposal 2);
- cast an advisory vote on a resolution to approve the compensation of Oceaneering’s named executive officers (Proposal 3);
- cast an advisory vote on the frequency of holding future advisory votes to approve the compensation of Oceaneering’s named executive officers (Proposal 4);
- ratify the appointment of Ernst & Young LLP as independent auditors of Oceaneering for the year ending December 31, 2017 (Proposal 5); and
- transact such other business as may properly come before the Annual Meeting of Shareholders or any adjournment or postponement thereof.

The Board of Directors recommends votes in favor of Proposals 1, 2, 3, 5, and for “one year” in connection with Proposal 4.

The close of business on March 22, 2017 is the record date for the determination of shareholders entitled to notice of, and to vote at, the meeting or any adjournment thereof.

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

By Order of the Board of Directors,

David K. Lawrence
Senior Vice President, General Counsel and Secretary
March 29, 2017

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

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OCEANEERING INTERNATIONAL, INC.

PROXY STATEMENT

PROXIES AND VOTING AT THE MEETING

Only shareholders of record of Oceaneering International, Inc. (“Oceaneering”) at the close of business on March 22, 2017 will be entitled to notice of, and to vote at, the meeting. As of that date, 98,258,906 shares of our Common Stock, \$0.25 par value per share (“Common Stock”), were outstanding. Each of those outstanding shares is entitled to one vote at the meeting. We are initially sending this Proxy Statement and the accompanying proxy to our shareholders on or about March 29, 2017. The requirement for a quorum at the meeting is the presence in person or by proxy of holders of a majority of the outstanding shares of Common Stock. There is no provision for cumulative voting.

Solicitation of Proxies

The accompanying proxy is solicited on behalf of our Board of Directors (our “Board”) for use at our Annual Meeting of Shareholders to be held at the time and place set forth in the accompanying notice. We will pay all costs of soliciting proxies. We will solicit proxies primarily by mail. In addition to solicitation by mail, our officers, directors and employees may solicit proxies in person or by telephone, facsimile and electronic transmissions, for which such persons will receive no additional compensation. We have retained Georgeson Inc. to solicit proxies at a fee estimated at \$10,000, plus out-of-pocket expenses. We will reimburse brokerage firms, banks and other custodians, nominees and fiduciaries for their reasonable expenses in forwarding proxy material to beneficial owners of our Common Stock. The persons named as proxies were designated by our Board and are officers of Oceaneering. All properly executed proxies will be voted (except to the extent that authority to vote has been withheld), and where a choice has been specified by the shareholder as provided in the proxy, the proxy will be voted in accordance with the specification so made. Proxies submitted without specified choices will be voted FOR Proposal 1 to elect the director nominees proposed by our Board, FOR Proposal 2 to approve our Second Amended and Restated 2010 Incentive Plan, FOR Proposal 3 to cast an advisory vote on a resolution to approve the compensation of Oceaneering’s Named Executive Officers, FOR holding future advisory votes to approve the compensation of Oceaneering’s named executive officers every year in connection with Proposal 4, and FOR Proposal 5 to ratify the appointment of Ernst & Young LLP as independent auditors of Oceaneering for the year ending December 31, 2017.

Methods of Voting

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

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

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

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

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Revocability of Proxies

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

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

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

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

• voting in person at the Annual Meeting.

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

PROPOSAL 1

ELECTION OF DIRECTORS

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

Three Class I directors are to be elected at the 2017 Annual Meeting. As recently announced, D. Michael Hughes, currently a Class I director, is retiring from the Board concurrently with the election of Class I directors at the 2017 Annual Meeting. In October 2016, our Board elected Jon Erik Reinhardsen as a Class II director (in accordance with our Amended and Restated Bylaws (our “Bylaws”), which require the classes of directors to be as equal in number as possible). In February 2017, however, our Board nominated him to fill the position among Class I directors being vacated by Mr. Hughes. Accordingly, assuming Mr. Reinhardsen is elected as a Class I director by our shareholders, his designation will change from Class II director to Class I director upon his election at the Annual Meeting, and the classes of directors will continue to be as equal in number as possible in accordance with our Bylaws.

In accordance with our Bylaws, directors are elected by a plurality of the votes cast. However, our Corporate Governance Guidelines provide that, in an uncontested election of directors, any director nominee who does not receive a “for” vote by a majority of shares present in person or by proxy and entitled to vote and actually voting on the matter shall promptly tender his or her resignation to the Nominating and Corporate Governance Committee of our Board, subject to acceptance by the Board. The Nominating and Corporate Governance Committee will then make a recommendation to the Board with respect to the director’s resignation and the Board will consider the recommendation and take appropriate action within 120 days from the date of the certification of the election results. Abstentions and broker “non-votes” marked on proxy cards will not be counted in the election.

Each Class I director will serve until the 2020 Annual Meeting of Shareholders or until a successor has been duly elected and qualified. The directors of Classes II and III (except for Mr. Reinhardsen, assuming his election as a Class I director) will continue to serve their terms of office, which will expire at the Annual Meetings of Shareholders to be held in 2018 and 2019, respectively.

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

Set forth below is information (ages are as of May 5, 2017) with respect to the three nominees for election as Class I directors of Oceaneering, William B. Berry, T. Jay Collins and Jon Erik Reinhardsen.

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INFORMATION ABOUT NOMINEES FOR ELECTION AND CONTINUING DIRECTORS

Nominees for Election

Class I Directors (2017 - 2020)

William B. Berry

Mr. Berry, 64, has been a director of Continental Resources, Inc. since May 2014 and a director of Frank's International N.V. since January 2015. He serves on both the Compensation Committee and the Audit Committee for Continental, and he serves on both the Compensation Committee and the Nominating and Governance Committee for Frank's. Mr. Berry previously served as Executive Vice President, Exploration and Production, of ConocoPhillips from 2003 until his retirement on January 1, 2008, after a 32-year career with ConocoPhillips and its predecessor, Phillips Petroleum Company, during which he held other executive positions in Africa, Asia, Europe and the Middle East. Mr. Berry also served on the boards of directors of Teekay Corporation from June 2011 to December 2015, Willbros Group, Inc. from February 2008 to May 2014, Access Midstream Partners, L.P. from June 2013 to June 2014, and Nexen Inc. from December 2008 to June 2013. Mr. Berry has been a director of Oceaneering since June 2016. He is the chairman of the Compensation Committee and a member of the Audit Committee of Oceaneering's Board. The Board has determined that Mr. Berry is qualified to serve on our Board based on his extensive experience in, and knowledge of, the energy industry, his business acumen and leadership skills derived in part from his tenure as an executive officer of a publicly traded customer of ours, his over 32-year career in exploration and production, and his experience as a director of various other public companies. Mr. Berry has significant financial and operational expertise and experience.

T. Jay Collins

Mr. Collins, 70, served as Chief Executive Officer of Oceaneering from 2006 to May 2011, and as President of Oceaneering from 1998 to May 2011. Mr. Collins previously served as Chief Operating Officer of Oceaneering from 1998 until 2006. He also served as Executive Vice President – Oilfield Marine Services of Oceaneering from 1995 to 1998 and as Senior Vice President and Chief Financial Officer of Oceaneering from 1993 until 1995. Mr. Collins also serves as a director of Murphy Oil Corporation, NuMat Technologies, Inc. and Pason Systems Inc., and as a director and Chairman of Texas Institute of Science, Inc. Mr. Collins has been a director of Oceaneering since 2002. The Board has determined that Mr. Collins is qualified to serve on our Board based on his substantial prior experience as a member of our Board and his thorough knowledge regarding Oceaneering and its businesses which he gained through his years of service as a member of our executive management team, as well as through his prior service on our Board. Since joining Oceaneering in 1993, Mr. Collins has been involved in all functional aspects of our management, including service as our Chief Financial Officer, our Chief Operating Officer and our Chief Executive Officer. Mr. Collins has extensive knowledge of the oil and gas industry. Including his service on our Board, Mr. Collins has over 40 years of experience with companies engaged in oilfield-related or other energy-related businesses.

Jon Erik Reinhardsen

Mr. Reinhardsen, 60, is the President and Chief Executive Officer of Petroleum Geo-Services ASA ("PGS"), positions he has held since 2008. Prior to joining PGS, he held executive positions in Alcoa Inc. and Aker Kvaerner ASA. Mr. Reinhardsen has been a director of Borregaard ASA since April 2016 and Telenor ASA since May 2014, where he serves as chairman of the Risk and Audit Committee. Mr. Reinhardsen served as a director of Cameron International Corporation from 2009 until its acquisition by Schlumberger N.V. in April 2016, Hoegh Autoliners Holdings AS from 2006 to 2014, and Hoegh LNG Holdings Ltd. from 2006 to 2014. Mr. Reinhardsen has been a director of Oceaneering since October 2016. He is a member of the Audit Committee and the Compensation Committee of Oceaneering's Board.

The Board has determined that Mr. Reinhardsen is qualified to serve on our Board based on his extensive experience in, and knowledge of, the subsea oilfield services industry, his involvement with renewable energy, his international perspective and his experience as a director of various other public companies. Mr. Reinhardsen has significant financial and operational expertise and experience.

Mr. Reinhardsen is currently serving as a member of our Board in Class II. If elected at the 2017 Annual Meeting, Mr. Reinhardsen will be reclassified as a member of our Board in Class I.

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Continuing Directors

Information below (ages are as of May 5, 2017) is for those directors whose terms will expire in 2018 and 2019.

Class II Directors (2015 - 2018)

John R. Huff

Mr. Huff, 71, has been Chairman of Oceaneering's Board of Directors since 1990. He served as Chief Executive Officer of Oceaneering from 1986 to 2006. Mr. Huff also serves as a director of Suncor Energy Inc. and Hi-Crush GP LLC, the general partner of Hi-Crush Partners LP. Mr. Huff previously served as a director of several other publicly traded companies, including several in the oilfield services industry. He is a member of the National Academy of Engineering. Mr. Huff has been a director of Oceaneering since 1986.

The Board has determined that Mr. Huff is qualified to serve on our Board based on his substantial prior experience as a member of our Board, including over 25 years as Chairman of our Board, his in-depth knowledge regarding Oceaneering and its businesses which he gained through 20 years as our Chief Executive Officer, and his considerable experience as an entrepreneur and a director of several other, large multi-national companies, including several companies engaged in oilfield-related and other energy-related businesses. Mr. Huff has extensive knowledge of the oil and gas industry as well as relationships with chief executive officers and senior management at oil and gas and oilfield companies throughout the world. Including his service on our Board, Mr. Huff has over 50 years of experience with companies engaged in oilfield-related or other energy-related businesses.

Jon Erik Reinhardsen

Mr. Reinhardsen, is identified above as one of the nominees for election, to be reclassified as a Class I Director, effective upon his election.

Steven A. Webster

Mr. Webster, 65, has served as Co-Managing Partner of Avista Capital Partners LP, a private equity firm focused on investments in the energy, healthcare and other business sectors, since he co-founded that firm in 2005. From 2000 until 2005, Mr. Webster served as the Chairman of Global Energy Partners, Ltd., an affiliate of CSFB Private Equity. From 1997 to 1999, he was the Chief Executive Officer and President of R&B Falcon Corporation, and prior to that, was Chairman and Chief Executive Officer of Falcon Drilling Company, which he founded in 1988. Mr. Webster is a director and Chairman of Carrizo Oil & Gas, Inc. He also serves as a director of Era Group Inc. In addition, Mr. Webster serves as a trust manager and a member of the Compensation Committee of Camden Property Trust. Mr. Webster previously served as a director of various other public and private companies, including Basic Energy Services, Inc. from 2000 through 2016, and other companies engaged in oil and gas exploration and production or oilfield services. Mr. Webster has been a director of Oceaneering since March 2015. He is a member of the Compensation Committee and the Nominating and Corporate Governance Committee of Oceaneering's Board.

The Board has determined that Mr. Webster is qualified to serve on our Board based on his extensive experience in, and knowledge of, the energy industry, his business leadership skills from his tenure as chief executive officer of publicly traded companies, his over 30-year career in private equity and investment activities, and his experience as a director of various other public and private companies. Mr. Webster has over 35 years of experience in the onshore and offshore oil and gas exploration and production and oilfield services industries.

Class III Directors (2016 - 2019)

M. Kevin McEvoy

Mr. McEvoy, 66, has been Chief E