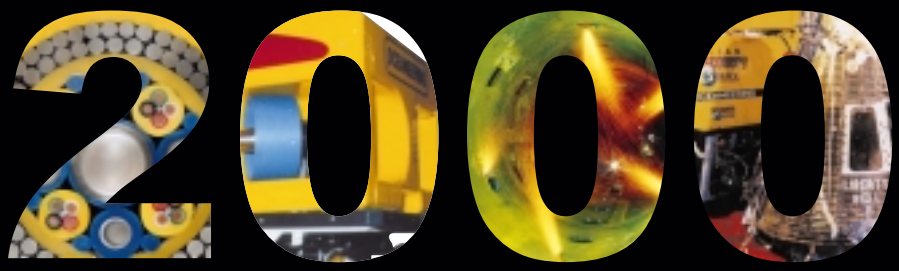
OCEANEERING®



OCEANEERING INTERNATIONAL 2000 ANNUAL REPORT

CORPORATE PROFILE

Oceaneering is an advanced applied technology company that provides engineered services and hardware to Customers who operate in marine, space, and other harsh environments.

The Company's services and products are marketed worldwide to oil and gas companies, government agencies, and firms in the telecommunications, aerospace, and marine engineering and construction industries.

MISSION STATEMENT

Oceaneering's mission is to increase the net wealth of its Shareholders by providing cost-effective and quality-based technical solutions satisfying Customer needs in harsh environments worldwide.

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

All statements in this Annual Report, other than accounts of historical facts, including, without limitation, remarks regarding our business strategy, plans for future operations and industry conditions, are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These can be identified by the use of the words *expect, anticipate, project, estimate, predict,* or similar expressions. We use a variety of internal and external data and management judgment in order to develop such forward-looking assessments. 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 such expectations will prove to have been correct. Accordingly, evaluation of our future prospects must be made with caution when relying on forward-looking information.

BACKGROUND

Founded in 1964, the Company has grown from an air and mixed gas diving business in the Gulf of Mexico to a diversified, advanced applied technology organization operating worldwide. We have achieved this growth by executing a plan of internal development augmented by strategic acquisitions.

In the latest fiscal year ending March 31, 2000, we earned net income of $16.8 million on revenues of $416.8 million while employing approximately 3,200 people working out of 54 locations in 23 countries. We serve our offshore oil and gas Customers through the trade names of Oceaneering International, Oceaneering Intervention Engineering (OIE), Oceaneering Multiflex, and Solus Schall. Our Advanced Technologies Group, which includes Oceaneering Technologies and Oceaneering Space and Thermal Systems, serves our Customers outside of the oilpatch.

FINANCIAL HIGHLIGHTS

($ in thousands, except per share amounts)	Fiscal Year 2000	Fiscal Year 1999
Revenues	$ 416,820	$ 400,322
Net Income	$ 16,784	$ 25,707
Diluted Earnings Per Share	$ 0.73	$ 1.12

LETTER TO SHAREHOLDERS

"Nothing is permanent but change"

— Heraclitus (c. 500 BC)

We've all come to believe the wisdom of this 2500-year-old phrase, and, as Oceaneering completed its FY00, we were beginning to see the fruits of the changes we've made over the last few years . . .

We reported less net income in FY00 than our all time high in FY99—yet made more changes than any previous year. Anyway, I've never really thought shareholder letters should be much about what you did—rather what you're going to do.

We have reformatted our financial reporting to help our investors more easily understand "our numbers" and realize the tremendous leverage we have in an improving offshore oil and gas market. This new format should validate our Niche Market Strategy, assist you in analyzing our results, and be helpful in predicting future scenarios.

Each of these niche businesses has an exciting outlook. We have added significant capacity in the ROV and Subsea Products groups and are now adding the *Ocean Legend* to our MOPS fleet. Our fourth offshore oil and gas segment, Other Services, contains our traditional businesses: diving, vessels, inspection, as well as our newly developing niche, the subsea well tieback market.

While "the numbers" are important, I want to write about what makes those numbers "happen." Sure, we're proud of doing well in a *down market*, and we're anxious to show what we can do in an *up market*—yet, what I really want each of you to understand is what is "behind" the numbers and to help you get a feel for the people and culture that cause those numbers.

In addition to all the physical assets we have been adding, the most important breakthrough for future profits is coming in the changing social paradigms we are creating. Our ability to work in teams—establishing clear objectives and even clearer accountability for results—attracts a style of people who are creative, energetic, and enthusiastic. These are the people who solve problems for our Customers and make money for our Shareholders. They cut across traditional roles and reach out and help each other.

"No amount of sophistication is going to allay the fact that all your knowledge is about the past and all your decisions are about the future."

—Ian E. Wilson

Nobody disputes the technical revolution swirling around us with the Internet, e-mail, and emerging e-commerce. Information about the past is quickly becoming passé. The real

issue is going to be about what Heraclitus and Ian Wilson implied—How do we anticipate change—and more importantly—How do we direct our future?

First, I think it is important for people to have a clear philosophy. At Oceaneering, we believe Safety will never be compromised; ethical standards will be met; open, constructive communication and understanding of mutual expectations are the foundation for an environment of participation; and finally, success is ultimately determined by how well people interact with each other.

While our philosophy may sound similar to other companies, the application of its tenets through a management by objectives system using a continuous improvement methodology and exploiting a strategy of niche markets is what sets us apart. The future can be "shaped" by how well we plan for change in each of our respective market segments. More importantly—our future can be "determined" by how well we understand the social dynamics required to effect those changes. Technical drivers of change will be the tools, not the end result.

Once you are empowered and truly feel accountable for the results of your team—there is no limit to where you can go. Oceaneering is fundamentally a "technical problem solver in harsh environments worldwide"; therefore, we can use the common synergy of a mechanical engineering knowledge base, firmly rooted in operational expertise, to create future solution sets for complex Customer needs in a variety of niche markets. We have sorted through a large number of possible market sub-segments and are convinced our niches, capabilities, and Customer needs are very well matched—especially in the evolving deepwater offshore oil and gas business.

I am equally proud of our achievements in the Offshore Oil and Gas and Advanced Technologies markets we serve. I hope you will read, on the following pages, about our many successes and the exciting challenges we have before us. Oceaneering is a unique and dynamic place to work.

I want to thank all of our constituents for their interest in Oceaneering. We have an exciting future. Thank you.

John R. Huff
Chairman and
Chief Executive Officer

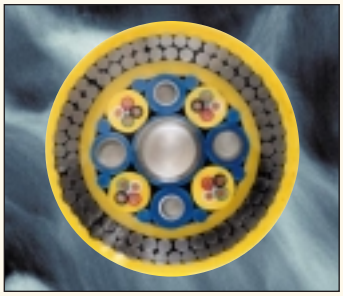
Offshore Oil and Gas Services and Products

OCEANEERING®

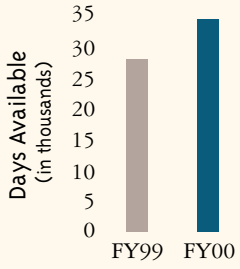
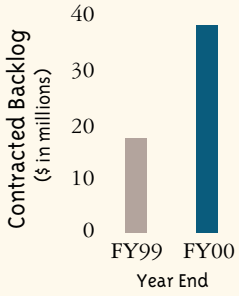
AT A GLANCE

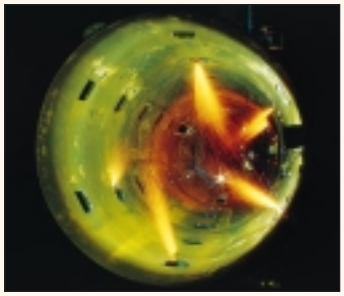
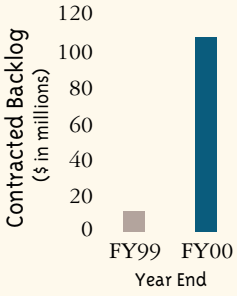
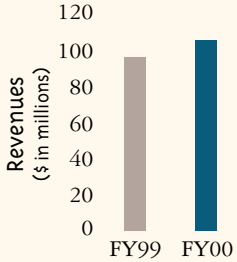
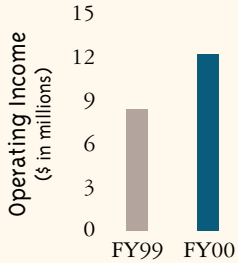
During the year, we accomplished several important milestones to position the organization for future growth and increased profitability. These included: securing a contract to supply a MOPS for use offshore Australia, expanding our work class ROV fleet, opening a new umbilical manufacturing facility in Scotland, and forming a joint venture to expand the services we provide to the subsea telecommunication cable market.

Remotely Operated Vehicles



Subsea Products

	Remotely Operated Vehicles	Subsea Products
Fiscal Year 2000 Review	We continued to expand our work class vehicle fleet. However, revenues and gross margin declined as our fleet utilization dropped 20%. The decrease in vehicle usage was primarily due to a reduction in demand to provide drill support services on floating drilling rigs and a decline in requirements to support construction work.	Revenues and gross margin for our specialty subsea hardware manufactured by OIE increased. However, overall financial results declined due to a worldwide reduction in the demand for umbilicals.
Fiscal Year 2001 Outlook	Revenues and gross margin are expected to increase as we put additional vehicles to work on new deliveries of deepwater rated drilling rigs. We also expect a pickup in demand to service existing floating rigs, as they go back to work, and a rise in construction-related activity.	Financial results are expected to substantially improve, as demand for umbilicals should escalate in response to an increase in the number of subsea completions.
Operating Statistics		

Offshore Oil and Gas Services and Products		Advanced Technologies
		
Mobile Offshore Production Systems	**Other Services**	**Advanced Technologies**
Revenues and gross margin declined as we completed a major project management and engineering services job.	Margins for these services continued to reflect very competitive market conditions resulting from the reduction in capital expenditure spending by our oilfield Customers. Furthermore, our gross margin was adversely affected by losses incurred on two large jobs in India.	Financial performance was outstanding and is indicative of the Company's commitment to provide profitable mechanically engineered business solutions to Clients outside of the oilpatch.
We expect next year's financial results to be approximately the same. However, the following year should benefit substantially from the commencement of the *Ocean Legend* operations.	We expect a better year. Demand for diving services in the Gulf of Mexico should increase, and the addition of the *Ocean Intervention II* will enhance our subsea intervention and hardware installation capabilities.	It may be difficult to duplicate our FY00 results; however, we believe our recently announced subsea telecommunication cable joint venture will help us achieve even better financial returns over the next several years.
		

REMOTELY OPERATED VEHICLES

During the year, one of our Hydra® Millennium ROV systems set an offshore oil and gas application record dive depth of 9,350 feet offshore Brazil. The Millennium class vehicles are 150-hp, cage-deployed, work class systems rated for operation in 10,000-ft water depths.

Our newly developed Hydra® E-Magnum is a 100-hp electric work class ROV that incorporates new technology for high performance and reliability in ultra-deepwater applications.

SEGMENT OVERVIEW

Oceaneering is the world's largest owner/operator of ROVs employed in offshore oil and gas related operations, with an estimated 28% market share. At year-end we had 95 work class systems in service. These vehicles are used for a variety of underwater tasks including drill support, installation and construction support, pipeline inspections and surveys, and subsea production facility operation and maintenance.

OPERATIONAL HIGHLIGHTS

During the year we:

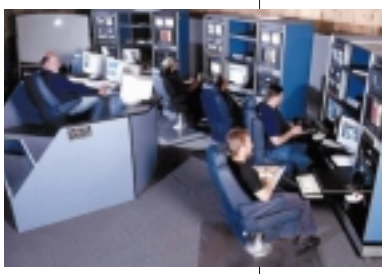
Continued to grow our fleet by providing drill support services on new and converted deepwater drilling rigs as they entered service. Additional growth opportunities to serve this market niche will continue for the foreseeable future.

Were awarded a frame agreement to provide underwater services to Statoil in the Norwegian sector of the North Sea. The contract has a primary term of three years and two one-year extension options. Under terms of the agreement, Oceaneering will provide ROV drill support services onboard six semi-submersible drilling rigs as well as additional ROV construction/intervention services from Statoil-provided support vessels.

Maintained our industry leadership position in providing drill support services on wells drilled in deepwater. We provided ROV support on 50% of the wells drilled worldwide in 1,000 feet of seawater (fsw) or more and 65% of the wells drilled worldwide in 3,000 fsw or more.

Performed an offshore oil and gas application record depth dive of 9,350 feet off the coast of Brazil.

Introduced two new vehicle designs, the electric Hydra® E-Magnum and the Hydra® Minimum.



Oceaneering's worldwide ROV training center is a state-of-the-art technical and operational facility that enables us to teach, rehearse, test, and evaluate both basic and advanced piloting, trouble shooting, and problem solving skills associated with ROV operations.

The Hydra® Minimum is an electric inspection class vehicle that operates independently out of a self-contained module, mounted to the bottom of a Magnum or Millennium cage. This combination of ROVs will increase efficiencies in all deepwater operations.

SUBSEA PRODUCTS

We were awarded a contract to provide at least 46 miles of super-duplex stainless steel tube umbilicals and associated hardware for the Girassol field development off West Africa. These will link the planned 40 subsea wells to a floating production system. Water depth at the location is 4,400 feet.

SEGMENT OVERVIEW

Through its Oceaneering Multiflex and Oceaneering Intervention Engineering (OIE) divisions, the Company manufactures a variety of build-to-order specialty subsea oilfield hardware to ISO 9001 quality requirements. These products include hydraulic, electro-hydraulic, and steel tube umbilicals; production control equipment; pipeline repair systems; and ROV tooling and work packages.

Subsea umbilicals and production control equipment are the means by which offshore Operators control subsea wellhead hydrocarbon flow, monitor downhole and wellhead conditions, and perform chemical injection. Pipeline repair systems make possible the effective repair of pipelines and risers without requiring underwater welding. ROV tooling and work packages provide the operational link between an ROV and permanently installed equipment located on the seafloor.

Our new Rosyth, Scotland manufacturing facility houses one of the largest state-of-the-art armoring machines. It is particularly suited for armoring large, subsea production control umbilicals such as those now being produced for the Girassol project.

OPERATIONAL HIGHLIGHTS

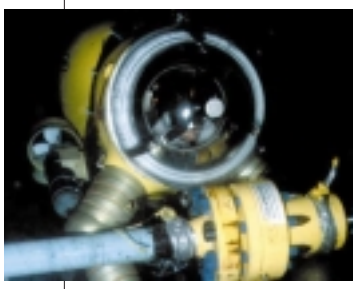
During the year we:

Began operations at our new umbilical manufacturing facility at Rosyth, Scotland. The facility's 100,000 sq ft manufacturing space has allowed expansion into new product lines such as steel tube umbilicals.

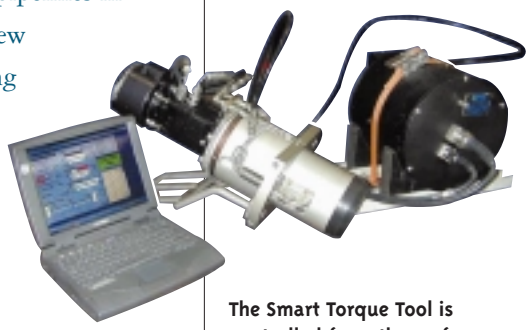
Were awarded a contract to provide subsea production control umbilicals for the Girassol field development off West Africa. The contract is the largest ever awarded to Multiflex.

Signed an agreement with three other companies to develop cutting-edge technology for performing diverless, deepwater hot taps. Hot taps perforate flowing oil or gas pipelines in order to connect new pipelines to existing ones. ROVs will be used to connect gathering pipelines and transmission lines in water depths down to 10,000 feet.

Set new Company records for steel tube umbilical length, 28 miles, and water depth installation, 2,800 feet, in the Gulf of Mexico.

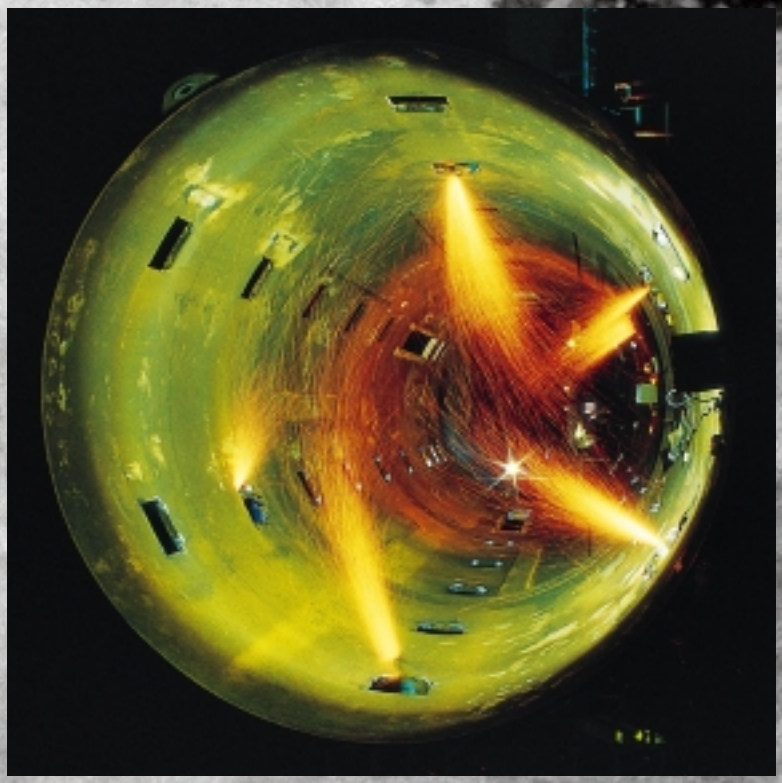


We performed a unique on-bottom pipeline repair in the Gulf of Mexico in a water depth of approximately 1,000 feet. Our Smart Flange Plus® connectors were used in this operation. Underwater work was performed with an Oceaneering WASP atmospheric diving system.

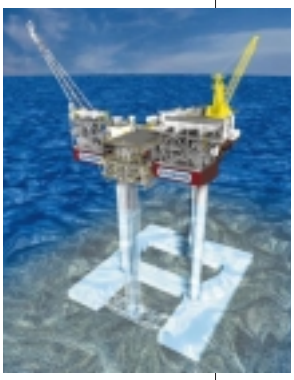


The Smart Torque Tool is controlled from the surface by a laptop computer with customized software. This capability eliminates the need to retrieve an ROV to the surface for adjustments to the tool, creating higher operational efficiency.

MOBILE OFFSHORE PRODUCTION SYSTEMS



The *Ocean Legend* is presently being constructed at a Gulf of Mexico shipyard to serve as a MOPS for development of the Legendre North and South oil fields on the North West Shelf of Western Australia. The expected capital cost of the unit is approximately $80 million.

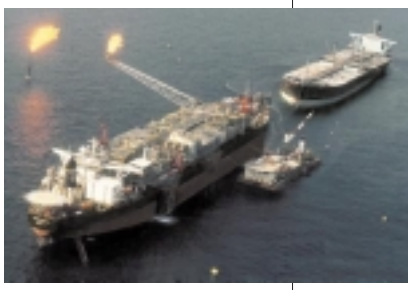


The *Ocean Legend* will be equipped with production process and gas injection facilities. Installation, offshore Western Australia, is anticipated to occur in December 2000. The oil company participants have announced that first oil is planned for mid-2001.

SEGMENT OVERVIEW

Oceaneering is involved in MOPS asset ownership, operation, and related project management and engineering work. The Company presently owns two operating MOPS, the *Ocean Producer* and the *San Jacinto*, and has a third, the *Ocean Legend*, under construction. In addition, we are involved in the operations and maintenance of the *Zafiro Producer* on behalf of a major oil company.

We also utilize our engineering and project management expertise to undertake a variety of MOPS-related projects. Examples include conversion of the *Gulftide* into a production unit and in-field modifications to the *Zafiro Producer*. Furthermore, as our workload permits, we perform engineering studies for Customers evaluating MOPS field development projects.



Working as part of an integrated team, we recently completed a series of equipment module installations, including water injection and gas lift capabilities, aboard the *Zafiro Producer*. Oceaneering continues to be involved in the operation and maintenance of this MOPS.

OPERATIONAL HIGHLIGHTS

During the year we:

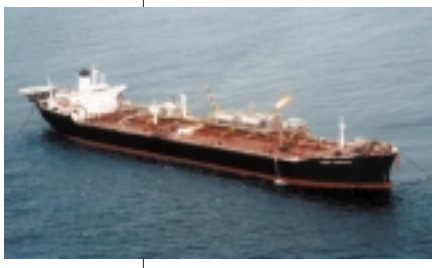
Were awarded a contract to provide a MOPS for development of the Legendre North and South oil fields in WA-1-P on the North West Shelf of Western Australia. The Company is currently in the process of converting a former jackup rig to serve as a production unit, named the *Ocean Legend*, for the Legendre fields. Expected capital cost of the unit is approximately $80 million. The initial contract for use of the *Ocean Legend* is a dayrate services arrangement with a term of three years.

Announced that the *Ocean Producer* surpassed the 10-million-barrel milestone for oil production at Kiabo field, Block 4, Angola.

Re-contracted the *Ocean Producer* for an additional year of service offshore Angola until January 2001.

Extended the *San Jacinto* contract for an additional year of service offshore Indonesia until October 2000.

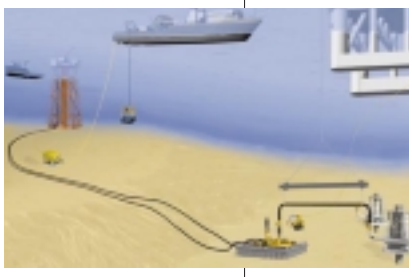
Completed a three-year project management and engineering support effort to perform in-field modifications to the *Zafiro Producer*.



The *Ocean Producer*, operating at Kiabo Field offshore Angola since 1994, recently surpassed the 10-million-barrel milestone for oil production. The vessel has an outstanding safety record with no Lost Time Accidents since it went into service in 1991.

OTHER SERVICES

The MSV *Ocean Intervention* has enhanced our capability to offer subsea intervention and hardware installation services to our Customers in the Gulf of Mexico. The vessel is equipped with a dynamic positioning system, 80-ton deck crane, 60-ton A-frame to handle lifting assignments, and accommodations for 50 people.



The reliability of subsea completions gives our Customers added impetus for use of our services and products. By combining our capabilities, we gain the opportunity to earn higher profits while lowering an Operator's total project cost.

SEGMENT OVERVIEW

Oceaneering provides oilfield diving, non-destructive inspection, and supporting vessel operations, which are utilized principally in inspection, repair, and maintenance activities. We also are engaged in subsea intervention and hardware installation services performed from our Ocean Intervention class vessels. This work includes: subsea well tie-backs; pipeline/flowline tie-ins and repair; pipeline crossings; and umbilical, riser, and jumper spool installations.

The Company supplies commercial diving services to the oil and gas industry using the traditional techniques of air, mixed gas, and saturation diving, all of which use surface-supplied breathing gas. Furthermore, we utilize atmospheric diving systems (ADSs) for use in water depths to 2,300 feet.

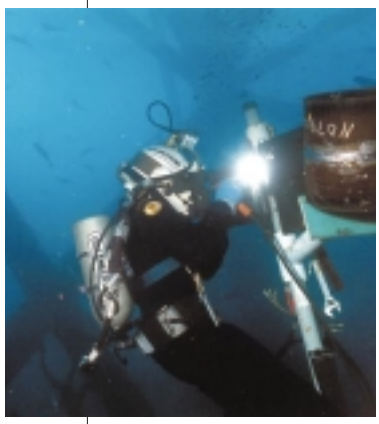
We offer a wide range of inspection services. Certain pipeline inspection activities are performed through the use of specialized x-ray crawlers, which travel independently inside pipelines, stopping to perform radiographic surveys of welds.

The Company provides a variety of NDT and inspection services. These include automated ultrasonics and internal x-ray inspection for pipelines, project management, rope access engineering, manpower services, and computer-assisted inspection reporting.

OPERATIONAL HIGHLIGHTS

During the year we:

Completed the first full year of operations using the *Ocean Intervention*. In what was admittedly a tough market, we achieved nearly a 60% utilization rate for this vessel and performed several specialized jobs, including the installation of an umbilical in 2,800 feet of water.



Oceaneering provides diving services to the oil and gas industry using air, mixed gas, and saturation diving techniques. They are performed from Company-owned vessels, third party vessels, barges, platforms, and drilling rigs.

Nearly completed the construction of the *Ocean Intervention II* to expand our subsea capabilities. This vessel should be available for work by the upcoming summer work season.

Sold the Company's West African diving and related vessel assets. The sale of these assets will enable us to focus on the growing deepwater service and specialty subsea product niches where we have the potential to realize higher margins.

ADVANCED TECHNOLOGIES

The *Ocean Hercules* is a dedicated telecommunication cable installation vessel. It is dynamically positioned and outfitted with a cable repair and burial ROV, a cable plow, and a burial assessment plow system. The vessel has storage and handling equipment for the deployment of 1,400 tons of cable.

SEGMENT OVERVIEW

Oceaneering provides ROV, diving, non-destructive inspection, and engineering services to meet a variety of industrial requirements outside of the oilpatch. These services include search and recovery; ship husbandry; marine civil works; and subsea telecommunication cable installation, maintenance, and repair. The Company also provides astronaut tools and robotics hardware, thermal protection systems, and engineering services to a variety of other Customers involved with the U.S. space program, theme park operation, and environmental remediation and intervention.

To compliment our existing ship husbandry capabilities, we acquired CLT, a leading submarine repair and modification service provider to the U.S. Navy. CLT is one of only three companies in the world, and the only non-shipyard, to hold SUBSAFE certification from the Navy.

OPERATIONAL HIGHLIGHTS

During the year we:

Entered into a joint venture agreement with Smit International to provide services to the telecommunications market for the installation, repair, and maintenance of short-haul fiber-optic submarine cable systems. The initial fixed asset investment of this venture was about $20 million for a dedicated cable vessel spread.

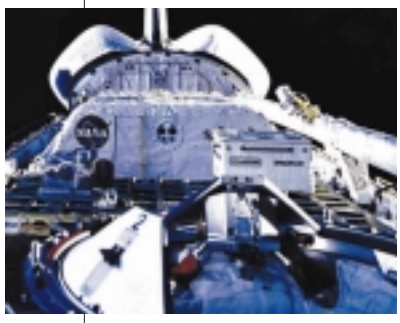
Were awarded a large contract in the remediation business to design and install robotic equipment to assist in the clean up of the DOE's Rocky Flats environmental site.

Acquired Consolidated Launcher Technology, Inc. (CLT), one of three qualified service providers of mechanical repairs and modifications to U.S. Navy nuclear submarines. CLT does all work pier side, an approach growing in use by the Navy because of its cost effectiveness as an alternative to traditional drydock repairs.

Provided, on NASA Shuttle missions STS 96 and 101, the first leased commercial logistics container for re-supply of the International Space Station. The SHOSS Logistics Box is reusable and can be quickly re-configured internally to carry up to 400 pounds of tools and space station spares.

Successfully completed three search and recovery missions of national importance – Egypt Air 990, Alaska Air 261, and *Liberty Bell 7*.

For the Discovery Channel, we found and recovered astronaut Gus Grissom's space capsule, the *Liberty Bell 7*. In this operation we used our Magellan™ Ocean Discovery ROV.



The SHOSS Logistics Box is the first reusable commercial logistics container system for use in space. Compared to traditional custom cargo carriers, it is significantly more cost-effective and requires less lead time to integrate mixed cargo. *Photo – Courtesy of NASA*

CORPORATE HEADQUARTERS

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Fax: (281) 228-5545

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Ilha da Conceicao/Niteroi
Rio de Janeiro Brasil 24.050-350
Telephone: (55 21) 620-2700
Fax: (55 21) 722-1515

OPERATIONAL BASES

Luanda, Angola
Perth, Western Australia
Sale, Victoria, Australia
Macaé, Brazil
Rio de Janeiro, Brazil
Kuala Belait, Brunei
Shekou, Shenzhen, China
Pointe Noire, Congo
Cairo, Egypt
London, England
Malabo, Equatorial Guinea
Balikpapan, Indonesia
Handil, Indonesia
Jakarta, Indonesia
Safat, Kuwait
Kuala Lumpur, Malaysia
Miri, Sarawak, Malaysia
Terengganu, Malaysia
Eket, Nigeria
Ikeja, Lagos, Nigeria
Port Harcourt, Nigeria
Warri, Nigeria
Stavanger, Norway
Muscat, Oman
Doha, Qatar
Al Khubar, Saudi Arabia
Aberdeen, Scotland
Rosyth, Scotland
Jurong, Singapore
Zug, Switzerland
Abu Dhabi, U.A.E.
Dubai, U.A.E.
Sharjah, U.A.E.
Puerto LaCruz, Venezuela
Chesapeake, Virginia, U.S.A.
Corpus Christi, Texas, U.S.A.
Friendswood, Texas, U.S.A.
Ft. Lauderdale, Florida, U.S.A.
Houston, Texas, U.S.A.
Magnolia, Texas, U.S.A.
Middletown, Rhode Island, U.S.A.
Morgan City, Louisiana, U.S.A.
New Orleans, Louisiana, U.S.A.
Orlando, Florida, U.S.A.
Pearl Harbor, Hawaii, U.S.A.
Portsmouth, New Hampshire, U.S.A.
Richland, Washington, U.S.A.
San Diego, California, U.S.A.
Upper Marlboro, Maryland, U.S.A.
Ventura, California, U.S.A.
Webster, Texas, U.S.A.