

OCEANEERING AT A GLANCE

2003 REVIEW

Earnings of over \$29 million were the third highest in Oceaneering's history. Record profit contribution was realized from our Inspection segment and near-record performance was achieved by Advanced Technologies. The profit contribution from our ROV business was the second highest ever, despite a persistence of lackluster demand for drill support services.

During the year we also completed or initiated acquisitions and major capital equipment investments totaling approximately \$185 million to position Oceaneering for increased profitability in the years ahead. To provide the funding deemed necessary to support our capital expansion we obtained a \$250 million revolving credit facility.

	REMOTELY OPERATED VEHICLES	SUBSEA PRODUCTS	MOBILE OFFSHORE PRODUCTION SYSTEMS
			
2003 REVIEW	Revenue and operating income improved on the strength of higher activity from construction support-related assignments and increased demand for drill support services from floating production facilities. Profit contribution was the second highest in history, despite mediocre market demand for services to support floating drilling rig operations.	Financial performance declined as a consequence of a low level of new orders for umbilicals and umbilical related connection hardware. This was attributable to our lack of domestic steel tube manufacturing capacity and targeted job award delays.	Revenue and gross margin declined as a result of a reduced contribution from the <i>Ocean Legend</i> operation. This occurred as a lower dayrate went into effect when our Customer exercised a contract term extension, through May 2006, in 2002.
2004 OUTLOOK	The financial contribution from these operations is expected to improve as a result of increased revenue and profitability from foreign areas of operations, including the Stolt ROV fleet acquisition.	A major improvement in financial performance is expected. This is anticipated due to a rise in umbilical, valve, flange, and BOP controls market demand. Our competitive position to secure such work was expanded through our Rotator and Reflange acquisitions in 2003 and will be enhanced further by the new steel tube umbilical manufacturing capacity we will be adding during the year.	Both revenue and gross margin are expected to be about the same as the <i>Ocean Legend</i> and <i>Ocean Producer</i> are contracted to have similar financial contributions. The PB <i>San Jacinto</i> is working on a 120 day rolling contract extension and we expect it to continue do so throughout the year. We anticipate a significant increase in earnings contribution from our MOPS related business by means of our equity participation in the Medusa Spar. This financial result will be reported as equity earnings of unconsolidated affiliates.