CAL DIVE INTERNATIONAL INC
Form POS AM
July 29, 2005

Table of Contents

As filed with the Securities and Exchange Commission on July 29, 2005
Registration No. 333-125276

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

POST-EFFECTIVE
AMENDMENT NO. 1
TO
FORM S-3
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

CAL DIVE INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Minnesota	**95-3409686**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

400 N. Sam Houston Parkway E., Suite 400
Houston, Texas 77060
(281) 618-0400
(Address, including zip code, and telephone number, including area code, of registrant§s principal executive offices)

James Lewis Connor, III
400 N. Sam Houston Parkway E., Suite 400
Houston, Texas 77060
281-618-0400
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copy to:
Arthur H. Rogers
Fulbright & Jaworski L.L.P.
Fulbright Tower
1301 McKinney, Suite 5100
Houston, Texas 77010
(713) 651-5151

Approximate date of commencement of proposed sale to the public: From time to time after this registration statement becomes effective, subject to market conditions and other factors.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. o

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. þ

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. o

Table of Contents

PROSPECTUS

$300,000,000
Cal Dive International, Inc.
3.25% Convertible Senior Notes due 2025

The securities to be offered and sold using this prospectus will be offered and sold by the selling security holders named in this prospectus or in any supplement to this prospectus. See Selling Security Holders beginning on page 13. We will not receive any of the proceeds from the sale by the selling security holders of the securities offered by this prospectus.

The notes will bear interest at the rate of 3.25% per year. Interest on the notes is payable on June 15 and December 15 of each year, beginning on June 15, 2005. Beginning with the period commencing on December 20, 2012 and ending on June 14, 2013, and for each of the six-month periods thereafter commencing on June 15, 2013, we will pay contingent interest during the applicable interest period if the average trading price of the notes on the five trading days ending on the third trading day immediately preceding the first day of the applicable interest period equals or exceeds 120% of the principal amount of the notes. The contingent interest payable per note within any applicable interest period will equal an annual rate of 0.25% of the average trading price of a note during the measuring period.

The notes will mature on December 15, 2025, unless earlier converted, redeemed or repurchased by us. We may also, at our option, redeem some or all of the notes for cash at any time on or after December 20, 2012 at a redemption price equal to 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest (and contingent interest and additional amounts, if any) to the redemption date. You may require us to repurchase in cash some or all of your notes at a repurchase price equal to 100% of the principal amount of the notes, plus accrued and unpaid interest (including contingent interest and additional amounts, if any) up to but excluding the applicable repurchase date, on December 15, 2012, December 15, 2015 and December 15, 2020 or, subject to specified exceptions, at any time prior to the notes maturity following a fundamental change as described in this prospectus.

Holders may convert their notes into cash and shares of our common stock, if any, at a conversion rate of 15.5600 shares per $1,000 principal amount of notes, subject to adjustment upon certain events, under the following circumstances: (1) during specified periods, if the price of our common stock reaches specified thresholds described in this prospectus; (2) if we call the notes for redemption; or (3) upon the occurrence of certain corporate transactions. Upon conversion, we will deliver cash equal to the lesser of the aggregate principal amount of notes to be converted and our total conversion obligation and shares of our common stock in respect of the remainder, if any, of our conversion obligation. If certain corporate transactions occur on or prior to December 20, 2012, we will increase the conversion rate by a number of additional shares of common stock or, in lieu thereof, we may under certain circumstances elect to adjust the conversion rate and the related conversion obligation so that the notes will be convertible into shares of the acquiring or surviving company, in each case as described in this prospectus.

The notes will be our senior secured obligations and will rank equally in right of payment with all of our other existing and future senior unsecured debt. The notes will be effectively subordinated to all our existing and future secured debt and to the indebtedness and other liabilities of our subsidiaries.

Our common stock is quoted on the Nasdaq National Market under the symbol CDIS. The last reported sale price of our common stock on the Nasdaq National Market on July 28, 2005 was $59.58 per share.

Under the indenture governing the notes, we and each holder agree to treat the notes as indebtedness for U.S. federal income tax purposes that is subject to the Treasury regulations governing contingent payment debt instruments. See Material U.S. Federal Income Tax Considerations.

There is no established market for the notes. The selling security holders may sell the securities offered by this prospectus from time to time on any exchange on which the securities are listed on terms to be negotiated with buyers. They may also sell the securities in private sales or through dealers or agents. The selling security holders may sell the securities at prevailing market prices or at prices negotiated with buyers. The selling security holders will be responsible for any commissions due to brokers, dealers or agents. We will be responsible for all other offering expenses. We will not receive any of the proceeds from the sale by the selling security holders of the securities offered by this prospectus.

Investing in the notes involves risks. See Risk Factors beginning on page 6.

Offering Price: 100% plus accrued interest, if any, from March 30, 2005

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2005.

Table of Contents

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission using a shelf registration process. This means the securities described in this prospectus may be offered and sold using this prospectus from time to time as described in the Plan of Distribution . You should carefully read this prospectus and the information described under the heading Where You Can Find More Information . Under no circumstances should the delivery to you of this prospectus or any offering or sales made pursuant to this prospectus create any implication that the information contained in this prospectus is correct as of any time after the date of this prospectus.

Table of Contents

SUMMARY

This summary highlights selected information contained elsewhere in or incorporated by reference into this prospectus. This summary is not complete and does not contain all of the information that you should consider before deciding whether or not to invest in the notes. For a more complete understanding of our company and this offering, we encourage you to read this entire document, including Risk Factors, the financial information included in or incorporated by reference into this prospectus and the documents to which we have referred.

Unless otherwise indicated or required by the context, as used in this prospectus, the terms Cal Dive, we, our, us and the company refer to Cal Dive International, Inc. and all its subsidiaries. Our fiscal year ends on December 31 each year. Unless otherwise indicated, when we refer to a fiscal year, such as fiscal 2004, we are referring to Cal Dive s relevant fiscal year then ended, which for fiscal 2004 was on December 31, 2004.

Cal Dive International, Inc.

Overview

We are an energy services company, incorporated in the State of Minnesota, specializing in Marine Contracting development (including subsea construction and well operations) and providing oil and gas companies with alternatives to traditional approaches of equity or production sharing in offshore properties through our Oil & Gas Production and Production Facilities segments. Operations in the Production Facilities segment began in 2004. We operate primarily in the Gulf of Mexico, or Gulf, and, since 2002, in the North Sea and the Asia/ Pacific regions with services that cover the lifecycle of an offshore oil and gas field. We believe we have a longstanding reputation for innovation in our subsea construction techniques, equipment design and methods of partnering with customers. Our diversified fleet of 22 vessels and 26 remotely operated vehicles (or ROVs) and trencher systems perform services that support drilling, well completion, intervention, construction and decommissioning projects involving pipelines, production platforms, risers and subsea production systems. We also have acquired significant interests in oil and gas properties and non-controlling interests in a Deepwater production facility at the Marco Polo field; and a planned facility, the Independence Hub, to be located in Mississippi Canyon Block 920. Our customers include major and independent oil and gas producers, pipeline transmission companies and offshore engineering and construction firms.

We have positioned ourselves for work in water depths greater than 1,000 feet, referred to as the Deepwater, by continuing to grow our technically advanced fleet of dynamically positioned, or DP, vessels, ROVs and the number of highly experienced support professionals we employ. These DP vessels serve as advanced work platforms for the subsea solutions that we provide with our alliance partners, a group of internationally recognized contractors and manufacturers. Most notably, the *Q4000*, our Deepwater semisubmersible multi-service vessel, or MSV, incorporates patented technologies that can improve Deepwater well completion, intervention and construction economics for our customers. Availability of the *Q4000* and the *Seawell,* together with our other large vessels, the *Eclipse, Mystic Viking* and *Intrepid,* enable us to offer a diverse fleet of DP subsea construction and intervention vessels.

Our principal executive offices are located at 400 N. Sam Houston Parkway E., Suite 400, Houston, Texas 77060, and our telephone number is (281) 618-0400. Our common stock is quoted on the Nasdaq National Market under the symbol CDIS. We maintain a website at www.caldive.com, however, the information on our website is not part of this prospectus, and you should rely only on the information contained in this prospectus and in the documents incorporated by reference into this prospectus when making a decision whether to invest in the notes.

Table of Contents

The Offering

This prospectus covers the resale of up to $300,000,000 aggregate principal amount of the notes and the indeterminate number of shares of our common stock issuable upon conversion of the notes plus an indeterminate number of shares of our common stock issuable upon conversion of the notes by means of adjustment of the conversion price pursuant to the terms of the notes. We issued and sold a total of $300,000,000 aggregate principal amount of the notes on March 30, 2005 in private placements to Banc of America Securities LLC and UBS Securities LLC (the initial purchasers). The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The Description of Notes section of this prospectus contains a more detailed description of the terms and conditions of the notes.

Issuer	Cal Dive International, Inc., a Minnesota corporation.
Selling Security Holders	The securities to be offered and sold using this prospectus will be offered and sold by the selling security holders named in this prospectus or in any supplement to this prospectus. See Selling Security Holders .
Notes Offered	$300,000,000 aggregate principal amount of 3.25% Convertible Senior Notes due 2025.
Maturity Date	December 15, 2025, unless earlier converted, redeemed or repurchased.
Ranking	The notes are our direct, unsecured and unsubordinated obligations and rank *pari passu* with all of our existing and future unsecured and unsubordinated indebtedness and senior in right of payment to all of our existing and future subordinated indebtedness. The notes effectively rank junior to any of our existing and future secured indebtedness to the extent of the value of the collateral and effectively junior to our subsidiaries existing and future indebtedness and other liabilities, including trade payables. As of March 31, 2005, we had long-term debt, including current maturities, totaling approximately $443.3 million. As of March 31, 2005, our subsidiaries had indebtedness totaling approximately $143.3 million. For a discussion of our secured debt, see Description of Notes Ranking.
Interest Payment	3.25% per year on the principal amount, payable semi-annually in arrears on June 15 and December 15 of each year, beginning June 15, 2005.
Contingent Interest	Beginning with the period commencing on December 20, 2012 to June 14, 2013, and for each six-month period thereafter, we will pay contingent interest during the applicable interest period if the average trading price of the notes during the five trading days ending on the third trading day immediately preceding the first day of the applicable interest period equals or exceeds 120% of the principal amount of the notes. The amount of contingent interest payable per $1,000 principal amount of notes during the applicable interest period will equal an annual rate of 0.25% of the average trading price of such $1,000 principal amount of notes during the applicable five-trading-day reference period, payable in arrears.

Table of Contents

Conversion Rights	You may convert the notes into cash and shares of our common stock, if any, at a conversion rate of 15.5600 shares per $1,000 principal amount of notes (equal to a conversion price of approximately $64.27 per share), subject to adjustment, prior to the close of business on the business day immediately preceding stated maturity only under the following circumstances: during any fiscal quarter commencing after March 31, 2005, if the last reported sale price of our common stock is greater than or equal to 120% of the conversion price for at least 20 trading days in the period of 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter; if we have called the notes for redemption and the redemption has not yet occurred; or upon the occurrence of specified corporate transactions described under Description of Notes Conversion Rights Conversion Upon Specified Corporate Transactions. You will not receive any cash payment or additional shares representing accrued and unpaid interest upon conversion of a note, except in limited circumstances. Instead, interest, including contingent interest and additional amounts, if any, will be deemed paid by the cash and common stock, if any, delivered to you upon conversion. Once we have called the notes for redemption, you may surrender your notes for conversion prior to the close of business on the business day immediately preceding the redemption date. Upon a surrender of your notes for conversion, we will deliver cash equal to the lesser of the aggregate principal amount of notes to be converted and our total conversion obligation. We will deliver shares of our common stock in respect of the remainder, if any, of our conversion obligation as described under Description of Notes Conversion Rights Payment Upon Conversion. If you elect to convert your notes in connection with certain corporate transactions that occur on or prior to December 20, 2012, we will increase the conversion rate by a number of additional shares of common stock upon conversion as described under Description of Notes Conversion Rights Conversion Rate Adjustments Make Whole Amount and Adjustments for Conversion After a Public Acquirer Change of Control or, in lieu thereof, we may in certain circumstances elect to adjust the conversion rate and related conversion obligation so that the notes are convertible into shares of the acquiring or surviving company.
Optional Redemption	Prior to December 20, 2012, the notes will not be redeemable. On or after December 20, 2012, we may, at our option, redeem some or all of the notes in cash, at any time, upon at least 30 days notice at a price equal to 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest,

Table of Contents

	including contingent interest and additional amounts, if any, up to but not including the date of redemption.
Repurchase of Notes at the Option of the Holder	You may require us to repurchase for cash all or a portion of your notes on December 15, 2012, December 15, 2015 and December 15, 2020 at a repurchase price equal to 100% of the principal amount of the notes to be repurchased plus accrued and unpaid interest, including contingent interest and additional amounts, if any, up to but not including, the date of repurchase.
Fundamental Change	If we undergo a fundamental change (as defined in this prospectus) prior to maturity of the notes, you will have the right, subject to certain conditions, to require us to repurchase for cash all or a portion of your notes at a repurchase price equal to 100% of the principal amount of the notes being repurchased, plus accrued and unpaid interest, including contingent interest and additional amounts, if any, up to but excluding the date of repurchase.
Registration Rights	Under a registration rights agreement that we have entered into with the initial purchasers, we have filed a shelf registration statement, of which this prospectus is a part, with the U.S. Securities and Exchange Commission. If we do not fulfill certain of our obligations under the registration rights agreement, we will be required to pay additional amounts to holders of the notes. If you convert some or all of your notes into common stock, you will not be entitled to additional amounts with respect to the common stock. However, if you convert your notes when there exists a registration default, we will adjust the conversion rate as described under Description of Notes Conversion Rights General.
No Proceeds	We will not receive any proceeds from the sale by any selling security holder of the notes or our common stock issuable upon conversion of the notes.
U.S. Federal Income Tax Considerations	Under the indenture governing the notes, we and each holder agree to treat the notes as indebtedness for U.S. federal income tax purposes that is subject to the Treasury regulations governing contingent payment debt instruments. For U.S. federal income tax purposes, interest income on the notes will accrue at the rate of 7.045% compounded semi-annually, which rate represents our determination of the yield at which we could issue a comparable noncontingent, nonconvertible, fixed-rate debt instrument with terms and conditions otherwise similar to the notes. A U.S. holder will be required to accrue interest income on a constant yield to maturity basis at this rate (subject to certain adjustments), with the result that a U.S. holder may recognize interest income significantly in excess of stated interest payments received while the notes are outstanding. A U.S. holder will also recognize gain or loss on the sale, exchange, conversion, repurchase or redemption of a note in an amount equal to the difference between the amount realized on

	the sale, exchange, conversion, repurchase or redemption of a note, including the fair market value of our common stock received, if any, and the U.S. holder s adjusted tax basis in the note. Any gain recognized on the sale, exchange, conversion, repurchase or redemption of a note generally will be ordinary interest income; any loss will be ordinary loss to the extent of the interest previously included in income, and thereafter, capital loss. See Material U.S. Federal Income Tax Considerations.
Trustee, Paying Agent and Conversion Agent	JPMorgan Chase Bank, National Association.
Book-Entry Form	The notes were issued in book-entry form and are represented by a global certificate or certificates deposited with, or on behalf of, The Depository Trust Company (DTC) and registered in the name of a nominee of DTC. Beneficial interests in any of the notes will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee and any such interest may not be exchanged for certificated securities except in limited circumstances.
Trading	The notes will not be listed on any securities exchange or included in any automated quotation system. However, the notes issued in the private placements are eligible for trading in the Private Offerings, Resale and Trading through Automated Linkages Market, commonly referred to as the PORTAL Market. The notes sold using this prospectus, however, will no longer be eligible for trading in the PORTAL Market.
Trading Symbol for Our Common Stock	Our common stock is quoted on the Nasdaq National Market under the trading symbol CDIS.
Risk Factors	You should carefully consider the information set forth in the section of this prospectus entitled Risk Factors as well as the other information included in or incorporated by reference into this prospectus before deciding whether to invest in the notes.

Table of Contents

RISK FACTORS

An investment in the notes represents a high degree of risk. There are a number of factors associated with our business that could affect your decision whether to invest in the notes or the common stock issuable upon conversion of the notes. The following discussion describes the material risks currently known to us. However, additional risks that we do not know about or that we currently view as immaterial may also impair our business or adversely affect an investment in the notes or the common stock issuable upon conversion of the notes. You should carefully consider the risks described below together with the other information contained in, or incorporated by reference into, this prospectus before making a decision to invest in the notes.

Risks Related to our Business:

Our business is adversely affected by low oil and gas prices and by the cyclicality of the oil and gas industry.

Our business is substantially dependent upon the condition of the oil and gas industry and, in particular, the willingness of oil and gas companies to make capital expenditures for offshore exploration, drilling and production operations. The level of capital expenditures generally depends on the prevailing view of future oil and gas prices, which are influenced by numerous factors affecting the supply and demand for oil and gas, including, but not limited to:

- Worldwide economic activity,
- Economic and political conditions in the Middle East and other oil-producing regions,
- Coordination by the Organization of Petroleum Exporting Countries, or OPEC,
- The cost of exploring for and producing oil and gas,
- The sale and expiration dates of offshore leases in the United States and overseas,
- The discovery rate of new oil and gas reserves in offshore areas,
- Technological advances,
- Interest rates and the cost of capital,
- Environmental regulations, and
- Tax policies.

The level of offshore construction activity improved somewhat in 2004 and is continuing in 2005. We cannot assure you that activity levels will remain the same or increase. A sustained period of low drilling and production activity or the return of lower commodity prices would likely have a material adverse effect on our financial position and results of operations.

The operation of marine vessels is risky, and we do not have insurance coverage for all risks.

Marine construction involves a high degree of operational risk. Hazards, such as vessels sinking, grounding, colliding and sustaining damage from severe weather conditions, are inherent in marine operations. These hazards can cause personal injury or loss of life, severe damage to and destruction of property and equipment, pollution or environmental damage and suspension of operations. Damage arising from such occurrences may result in lawsuits asserting large claims. We maintain such insurance protection as we deem prudent, including Jones Act employee coverage, which is the maritime equivalent of workers compensation, and hull insurance on our vessels. We cannot assure you that any such insurance will be sufficient or effective under all circumstances or against all hazards to which we may be subject. A successful claim for which we are not fully insured could have a material adverse effect on us. Moreover, we cannot assure you that we will be able to maintain adequate insurance in the future at rates that we consider reasonable. As a result of market conditions, premiums and deductibles for certain of our insurance policies have increased substantially and could escalate further. In some instances, certain insurance could become unavailable or available only for reduced amounts of coverage. For example, insurance carriers are now requiring broad exclusions for losses due to war risk and terrorist acts. As construction activity expands into deeper water in the Gulf and other Deepwater basins of the world, a greater percentage of our revenues may be from Deepwater construction projects that are larger and more complex, and thus riskier, than shallow water projects. As a result, our revenues and profits are increasingly dependent on our larger vessels. The current insurance on our vessels, in some cases, is in amounts approximating book value, which is less than replacement value. In the event of property loss due to a catastrophic marine disaster, mechanical failure or collision, insurance may not cover a substantial loss of revenues, increased costs and other liabilities, and could have a material adverse effect on our operating performance if we were to lose any of our large vessels.

Our contracting business declines in winter, and bad weather in the Gulf or North Sea can adversely affect our operations.

Marine operations conducted in the Gulf and North Sea are seasonal and depend, in part, on weather conditions. Historically, we have enjoyed our highest vessel utilization rates during the summer and fall when weather conditions are favorable for offshore exploration, development and construction activities. We typically have experienced our lowest utilization rates in the first quarter. As is common in the industry, we typically bear the risk of delays caused by some, but not all, adverse weather conditions. Accordingly, our results in any one quarter are not necessarily indicative of annual results or continuing trends.

If we bid too low on a turnkey contract, we suffer consequences.

A majority of our projects are performed on a qualified turnkey basis where described work is delivered for a fixed price and extra work, which is subject to customer approval, is billed separately. The revenue, cost and gross profit realized on a turnkey contract can vary from the estimated amount because of changes in offshore job conditions, variations in labor and equipment productivity from the original estimates, and the performance of others such as alliance partners. These variations and risks inherent in the marine construction industry may result in our experiencing reduced profitability or losses on projects.

Estimates of our oil and gas reserves, future cash flows and abandonment costs may be significantly incorrect.

Our proved reserves at December 31, 2004 included the reserves assigned to our ownership position in the Gunnison project, a Deepwater Gulf oil and gas field operated by Kerr-McGee Oil & Gas Corp. The Gunnison reserves constitute approximately 38% of our total proved reserves as of December 31, 2004. Our report on Form 10-K for fiscal year 2004, which is incorporated herein by reference, contains estimates of our proved oil and gas reserves and the estimated future net cash flows therefrom based upon reports for the years ended December 31, 2003 and 2004, audited by our independent petroleum engineer. These reports rely upon various assumptions, including assumptions required by the Securities and Exchange Commission, as to oil and gas prices, drilling and operating expenses, capital expenditures, abandonment costs, taxes and availability of funds. The process of estimating oil and gas reserves is complex, requiring significant decisions and assumptions in the evaluation of available geological, geophysical, engineering and economic data for each reservoir. As a result, these estimates are inherently imprecise. Actual future production, cash flows, development expenditures, operating and abandonment expenses and quantities of recoverable oil and gas reserves may vary substantially from those estimated in these reports. Any significant variance in these assumptions could materially affect the estimated quantity and value of our proved reserves. You should not assume that the present value of future net cash flows from our proved reserves referred to in our report on Form 10-K for fiscal year 2004, which is incorporated herein by reference, is the current market value of our estimated oil and gas reserves. In accordance with Securities and Exchange Commission requirements, we base the estimated discounted future net cash flows from our proved reserves on prices and costs on the date of the estimate. Actual future prices and costs may differ

Table of Contents

materially from those used in the net present value estimate. In addition, if costs of abandonment are materially greater than our estimates, they could have an adverse effect on our financial position, cash flows and results of operations.

Reserve replacement may not offset depletion.

Oil and gas properties are depleting assets. We replace reserves through acquisitions and exploitation of current properties. If we are unable to acquire additional properties or if we are unable to find additional reserves through exploitation of our properties or exploration activities, our future cash flows from oil and gas operations could decrease.

Our oil and gas operations involve significant risks, and we do not have insurance coverage for all risks.

Our oil and gas operations are subject to risks incident to the operation of oil and gas wells, including, but not limited to, uncontrollable flows of oil, gas, brine or well fluids into the environment, blowouts, cratering, mechanical difficulties, fires, explosions, pollution and other risks, any of which could result in substantial losses to us. We maintain insurance against some, but not all, of the risks described above. Drilling for oil and gas involves numerous risks, including the risk that our company will not encounter commercially productive oil or gas reservoirs. If certain exploration efforts are unsuccessful in establishing proved reserves and exploration activities cease, the amounts accumulated as unproved property costs would be charged against earnings as impairments.

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

The businesses in which we operate are highly competitive. Several of our competitors are substantially larger and have greater financial and other resources than we have. If other companies relocate or acquire vessels for operations in the Gulf or the North Sea, levels of competition may increase and our business could be adversely affected.

The loss of the services of one or more of our key employees, or our failure to attract and retain other highly qualified personnel in the future, could disrupt our operations and adversely affect our financial results.

Our industry has lost a significant number of experienced subsea professionals over the years due to, among other reasons, the volatility in commodity prices. Our continued success depends on the active participation of our key employees. The loss of our key people could adversely affect our operations. We believe that our success and continued growth are also dependent upon our ability to attract and retain skilled personnel. We believe that our wage rates are competitive; however, unionization or a significant increase in the wages paid by other employers could result in a reduction in our workforce, increases in the wage rates we pay, or both. If either of these events occurs for any significant period of time, our revenues and profitability could be diminished and our growth potential could be impaired.

If we fail to effectively manage our growth, our results of operations could be harmed.

We have a history of growing through acquisitions of large assets and acquisitions of companies. We must plan and manage our acquisitions effectively to achieve revenue growth and maintain profitability in our evolving market. If we fail to effectively manage current and future acquisitions, our results of operations could be adversely affected. Our growth has placed, and is expected to continue to place, significant demands on our personnel, management and other resources. We must continue to improve our operational, financial, management and legal/compliance information systems to keep pace with the growth of our business.

Table of Contents

We may need to change the manner in which we conduct our business in response to changes in government regulations.

Our subsea construction, intervention, inspection, maintenance and decommissioning operations and our oil and gas production from offshore properties, including decommissioning of such properties, are subject to and affected by various types of government regulation, including numerous federal, state and local environmental protection laws and regulations. These laws and regulations are becoming increasingly complex, stringent and expensive to comply with, and significant fines and penalties may be imposed for noncompliance. We cannot assure you that we will always be in compliance with these laws and regulations or that our continued compliance with existing or future laws or regulations will not adversely affect our operations.

Certain provisions of our corporate documents and Minnesota law may discourage a third party from making a takeover proposal.

In addition to the 55,000 shares of preferred stock issued to Fletcher International, Ltd. under the First Amended and Restated Agreement dated January 17, 2003, but effective as of December 31, 2002, by and between Cal Dive and Fletcher International, Ltd., our board of directors has the authority, without any action by our shareholders, to fix the rights and preferences on up to 4,945,000 shares of undesignated preferred stock, including dividend, liquidation and voting rights. In addition, our by-laws divide the board of directors into three classes. See Description of Capital Stock Purposes and Effects of Certain Provisions of our Articles of Incorporation and Bylaws. We are also subject to certain anti-takeover provisions of the Minnesota Business Corporation Act. See Description of Capital Stock Certain Anti-Takeover Legislation. We also have employment contracts with all of our senior officers that require cash payments in the event of a change of control. Any or all of the provisions or factors described above may have the effect of discouraging a takeover proposal or tender offer not approved by management and the board of directors and could result in shareholders who may wish to participate in such a proposal or tender offer receiving less for their shares than otherwise might be available in the event of a takeover attempt.

Risks Related to the Notes:

The notes are effectively subordinated to the debt and other liabilities of our subsidiaries.

The notes are obligations exclusively of our company and not guaranteed by our subsidiaries. The notes are unsecured and effectively subordinated to the liabilities, including trade payables, of our subsidiaries. Our subsidiaries are not prohibited from incurring additional debt or other liabilities, including senior indebtedness. If our subsidiaries were to incur additional debt or liabilities, our ability to pay our obligations on the notes, including cash payments upon conversion or repurchase, could be adversely affected. As of March 31, 2005, our subsidiaries had liabilities of approximately $449 million. The notes are also effectively subordinated to any secured obligations to the extent of the value of the assets securing such obligations.

We may incur additional indebtedness.

The indenture governing the notes does not prohibit us from incurring substantial additional indebtedness in the future, which may rank equal in right of payment with the notes. We are also permitted to incur additional secured debt that would be senior in right of payment to these notes. The indenture governing these notes also permits unlimited additional borrowings by our subsidiaries that could be effectively senior to the notes. In addition, the indenture does not contain any restrictive covenants limiting our ability to pay dividends, make any payments on junior or other indebtedness or otherwise limit our financial condition.

Table of Contents

We may not have sufficient cash to repurchase the notes at the option of the holder or upon a fundamental change or to pay the cash payable upon a conversion, which may increase your credit risk.

On December 15, 2012, 2015 and, 2020, holders of the notes have the right to require us to repurchase for cash all or any portion of their notes at 100% of their principal amount plus accrued and unpaid interest, including contingent interest and additional amounts, if any, up to but not including the date of repurchase. Upon a fundamental change, subject to certain conditions, we will be required to make an offer to repurchase for cash all outstanding notes at 100% of their principal amount plus accrued and unpaid interest, including contingent interest and additional amounts, if any, up to but not including the date of repurchase. Upon a conversion, we will be required to make a cash payment of up to $1,000 for each $1,000 in principal amount of notes converted. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of tendered notes or settlement of converted notes. Any credit facility in place at the time of a repurchase or conversion of the notes may also limit our ability to use borrowings to pay any cash payable on a repurchase or conversion of the notes and may prohibit us from making any cash payments on the repurchase or conversion of the notes if a default or event of default has occurred under that facility without the consent of the lenders under that credit facility. Our existing credit agreement permits the payment of cash upon conversion of the notes, but only if (i) there is availability under the credit agreement, (ii) we meet certain covenants and (iii) no default has occurred and is continuing at the time of such conversion or would result from such conversion. Our failure to repurchase tendered notes at a time when the repurchase is required by the indenture or to pay any cash payable on a conversion of the notes would constitute a default under the indenture. A default under the indenture or the fundamental change could lead to a default under other existing and future agreements governing our indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the notes.

The additional shares of common stock payable on any notes converted in connection with specified corporate transactions may not adequately compensate you for any loss you may experience as a result of such specified corporate transactions.

If certain specified corporate transactions occur on or prior to December 20, 2012, we will under certain circumstances increase the conversion rate on notes converted in connection with the specified corporate transaction by a number of additional shares of common stock. The number of additional shares of common stock will be determined based on the date on which the specified corporate transaction becomes effective and the price paid per share of our common stock in the specified corporate transaction as described under Description of Notes Conversion Rights Conversion Rate Adjustments Make Whole Amount and Adjustments for Conversion After a Public Acquirer Change of Control. The additional shares of common stock issuable upon conversion of the notes in connection with a specified corporate transaction may not adequately compensate you for any loss you may experience as a result of such specified corporate transaction. If the specified corporate transaction occurs after December 20, 2012 or if the price paid per share of our common stock in the specified corporate transaction is less than the common stock price at the date of issuance of the notes or above a specified price, there will be no increase in the conversion rate. In addition, in certain circumstances upon a change of control arising from our acquisition by a public company, we may elect to adjust the conversion rate as described under Description of Notes Conversion Rate Adjustment Make Whole Amount Adjustments for Conversion After a Public Acquirer Change of Control and, if we so elect, holders of notes will not be entitled to the increase in the conversion rate determined as described above.

Our obligation to adjust the conversion rate in connection with specified corporate transactions could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness and equitable remedies.

Table of Contents

The conversion rate of the notes may not be adjusted for all dilutive events.

The conversion rate of the notes is subject to adjustment for certain events, including but not limited to the issuance of stock dividends on our common stock, the issuance of rights or warrants, subdivisions, combinations, distributions of capital stock, indebtedness or assets, certain cash dividends and certain tender or exchange offers as described under Description of Notes Conversion Rights Conversion Rate Adjustments. The conversion rate will not be adjusted for other events, such as an issuance of common stock for cash, that may adversely affect the trading price of the notes or the common stock. There can be no assurance that an event that adversely affects the value of the notes, but does not result in an adjustment to the conversion rate, will not occur.

You should consider the U.S. federal income tax consequences of purchasing, owning and disposing of the notes.

Under the indenture governing the notes, we and each holder agree to treat the notes as indebtedness for U.S. federal income tax purposes that is subject to the Treasury regulations governing contingent payment debt instruments. Under these Treasury regulations, a U.S. holder may recognize interest income on the notes significantly in excess of the stated interest payments received thereon. Also under these Treasury regulations, a U.S. holder generally will recognize ordinary income, rather than capital gain, upon a sale, exchange, conversion, repurchase or redemption of the notes at a gain. Certain material U.S. federal income tax consequences of the purchase, ownership and disposition of the notes are summarized under Material U.S. Federal Income Tax Considerations.

There is no established trading market for the notes.

The notes are a new issue of securities for which there is no established trading market. The notes are designated for trading by qualified institutional buyers in the PORTAL market, but we do not intend to apply for listing of the notes on any securities exchange or to arrange for quotation on any automated dealer quotation system. As a result, an active trading market for the notes may not develop. If an active trading market does not develop or is not maintained, the market price and liquidity of the notes may be adversely affected. In that case, you may not be able to sell your notes at a particular time or you may not be able to sell your notes at a favorable price. Future trading prices of the notes will depend on many factors, including:

- our operating performance and financial condition;
- our ability to have a resale registration statement covering the notes and the common stock issuable upon conversion of the notes declared effective by the Securities and Exchange Commission;
- the interest of securities dealers in making a market; and
- the market for similar securities.

Historically, the markets for non-investment grade debt securities have been subject to disruptions that have caused volatility in prices. It is possible that the markets for the notes will be subject to disruptions. Any such disruptions may have a negative effect on a holder of the notes, regardless of our prospects and financial performance. The initial purchasers may discontinue market making activities at any time, in their sole discretion, which could further negatively impact your ability to sell the notes or the prevailing market price at the time you choose to sell.

Any adverse rating of the notes may cause their trading price to fall.

If Moody s Investor Service, Standard & Poor s or another rating service rates the notes and if any of such rating services lowers its rating on the notes below the rating initially assigned to the notes or otherwise announces its intention to put the notes on credit watch, the trading price of the notes could decline.

Table of Contents

The trading prices for the notes will be directly affected by the trading prices for our common stock, which are impossible to predict.

The price of our common stock could be affected by possible sales of our common stock by investors who view the notes as a more attractive means of equity participation in us and by hedging or arbitrage trading activity that may develop involving our common stock. The hedging or arbitrage could, in turn, affect the trading prices of the notes.

The conditional conversion feature of the notes could result in you not receiving the value of the common stock into which the notes are convertible.

The notes are convertible into cash and shares of common stock, if any, only if specific conditions are met. If the specific conditions for conversion are not met, you may not be able to receive the value of the common stock into which your notes would otherwise be convertible.

Upon conversion of the notes, you may receive less proceeds than expected because the value of our common stock may decline after you exercise your conversion right.

The conversion value that you will receive upon conversion of your notes is in part determined by the average of the last reported sale prices of our common stock for the ten trading days beginning on the second trading day immediately following the day the notes are tendered for conversion. Accordingly, if the price of our common stock decreases after you tender your notes for conversion, the conversion value you will receive may be adversely affected, and if the price at the end of such period is below the average, the value of the cash and shares delivered may be less than the conversion value.

Future sales of our common stock in the public market could lower the market price for our common stock and adversely impact the trading price of the notes.

In the future, we may sell additional shares of our common stock to raise capital. In addition, a substantial number of shares of our common stock is reserved for issuance upon the exercise of stock options and upon conversion of the notes. We cannot predict the size of future issuances or the effect, if any, that they may have on the market price for our common stock. The issuance and sales of substantial amounts of common stock, or the perception that such issuances and sales may occur, could adversely affect the trading price of the notes and the market price of our common stock.

Volatility in the market price of our common stock could result in a lower trading price than your conversion or purchase price and could adversely impact the trading price of the notes.

The stock market in recent years has experienced significant price and volume fluctuations that have often been unrelated to the operating performance of companies. The market price of our common stock may be affected adversely by factors such as actual or anticipated changes in our operating results, acquisition activity, the impact of international markets, changes in financial estimates by securities analysts, general market conditions, rumors and other factors. The decrease in the market price of our common stock would likely adversely impact the trading price of the notes.

Absence of dividends could reduce our attractiveness to investors, which could depress the price of the common stock into which the notes are convertible.

We have never declared or paid cash dividends on our common stock and do not intend to pay cash dividends in the foreseeable future. We currently intend to retain earnings, if any, for the future operations and growth of our business. Moreover, our current financing arrangements prohibit the payment of cash dividends on common stock. As a result, our common stock may be less attractive to certain investors than the stock of dividend-paying companies.

Table of Contents

RATIO OF EARNINGS TO FIXED CHARGES

The following table shows our historical ratio of earnings to fixed charges for each of the five most recent fiscal years, and the three months ended March 31, 2005.

2000	2001	2002	2003	2004	Three Months Ended March 31, 2005
43.5x	20.5x	2.7x	7.1x	16.6x	22.9x

For the purpose of calculating the ratio of earnings to fixed charges, earnings represents income before income taxes and change in accounting principle (including only distributed income of less than 50% owned subsidiaries), plus fixed charges. Fixed charges consists of interest, including amortization of debt issuance costs and that portion of rental expense considered to be a reasonable approximation of interest.

NO PROCEEDS

The securities to be offered and sold using this prospectus will be offered and sold by the selling security holders named in this prospectus or in any supplement to this prospectus. We will not receive any proceeds from the sale of the securities or conversion of the notes. The shares of our common stock offered by this prospectus are issuable upon conversion of the notes.

SELLING SECURITY HOLDERS

On March 30, 2005, we issued and sold a total of $300,000,000 aggregate principal amount of the notes in private placements to Banc of America Securities LLC and UBS Securities LLC (which we refer to as the initial purchasers in this prospectus). The initial purchasers have advised us that they resold the notes in transactions exempt from the registration requirements of the Securities Act of 1933, as amended, to qualified institutional buyers (as defined in Rule 144A under the Securities Act) in compliance with Rule 144A. The selling security holders, which term includes their transferees, pledgees, donees and successors, may from time to time offer and sell pursuant to this prospectus any and all of the notes and the shares of our common stock issuable upon conversion of the notes.

The notes and our shares of common stock to be issued upon conversion of the notes are being registered pursuant to a registration rights agreement between us and the initial purchasers. In that agreement, we undertook to file a registration statement with regard to the notes and our shares of common stock issuable upon conversion of the notes and, subject to certain exceptions, to keep that registration statement effective for up to two years. The registration statement to which this prospectus relates is intended to satisfy our obligations under that agreement.

The selling security holders named below have advised us that they currently intend to sell the notes and our shares of common stock set forth below pursuant to this prospectus. Additional selling security holders may choose to sell notes and our shares of common stock from time to time upon notice to us. None of the selling security holders named below, has, within the past three years, held any position, office or other material relationship with us or any of our predecessors or affiliates, except as noted below in Plan of Distribution.

Unless the securities were purchased pursuant to this registration statement, before a security holder not named below may use this prospectus in connection with an offering of securities, this prospectus will be amended to include the name and amount of notes and common stock beneficially owned by the selling security holder and the amount of notes and common stock to be offered. Any amended prospectus will also disclose whether any selling security holder selling in connection with that amended prospectus has held any position, office or other material relationship with us or any of our predecessors or affiliates during the three years prior to the date of the amended prospectus.

Table of Contents

The following table is based solely on information provided by the selling security holders. This information represents the most current information provided to us by selling security holders.

Selling Security Holder	Amount of Notes Beneficially Owned ($)	Percentage of Notes Beneficially Owned	Amount of Notes to Be Sold ($)(1)	Number of Shares of Common Stock Beneficially Owned(2)(3)	Number of Shares of Common Stock That May Be Sold(1)(3)	Number of Shares of Common Stock Upon Completion of Offering(1)
1976 Distribution Trust FBO A.R.	4,000	*	4,000	62	62	0
2000 Revocable Trust FBO Lauder/Zinter Hofer	4,000	*	4,000	62	62	0
Advent Convertible Master (Cayman)	7,904,000	2.63	7,904,000	122,986	122,986	0
Alcon Laboratories(4)	269,000	*	269,000	4,185	4,185	0
Allstate Insurance Company(4)	1,000,000	*	1,000,000	22,960	15,560	7,400
Aloha Airlines Non-Pilots Pension Trust	35,000	*	35,000	544	544	0
Aloha Pilots Retirement Trust	20,000	*	20,000	311	311	0
Argent Classic Convertible Arbitrage Fund L.P.	1,210,000	*	1,210,000	18,827	18,827	0
Argent Classic Convertible Arbitrage Fund II, L.P.	250,000	*	250,000	3,890	3,890	0
Argent Classic Convertible Arbitrage Fund (Bermuda) Ltd.	7,880,000	2.63	7,880,000	122,612	122,612	0
Argent LowLev Convertible Arbitrage Fund, LLC	260,000	*	260,000	4,045	4,045	0
Argent LowLev Convertible Arbitrage Fund II, LLC	30,000	*	30,000	466	466	0
Argent LowLev Convertible Arbitrage Fund Ltd.	2,490,000	*	2,490,000	38,744	38,744	0
Arlington County Employees Retirement System(4)	434,000	*	434,000	6,753	6,753	0

Aristeia International Limited	11,760,000	3.92	11,760,000	182,985	182,985	0
Aristeia Trading LLC (5)	2,240,000	*	2,240,000	3,485	3,485	0
Arkansas PERS	680,000	*	680,000	10,580	10,580	0
Asante Health Systems(4)	67,000	*	67,000	1,042	1,042	0
Astrazeneca Holdings Pension	200,000	*	200,000	3,112	3,112	0
Banc of America Securities LLC(5)	2,335,000	*	2,335,000	36,332	36,332	0
Black Diamond Offshore Ltd.	720,000	*	720,000	11,203	11,203	0
Boilermakers Blacksmith Pension Trust	900,000	*	900,000	14,004	14,004	0
British Virgin Islands Social Security Board(4)	80,000	*	80,000	1,244	1,244	0
C&H Sugar Company, Inc.	45,000	*	45,000	700	700	0

Table of Contents

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CALAMOS® Convertible and High Income Fund	9,000,000	3.00	9,000,000	140,040	140,040	0
CALAMOS® Convertible Opportunities and Income Fund	7,500,000	2.50	7,500,000	116,700	116,700	0
CALAMOS® Global Growth & Income Fund CALAMOS® Investment Trust	1,600,000	*	1,600,000	24,896	24,896	0
CALAMOS® Growth & Income Fund CALAMOS® Investment Trust	24,235,000	8.08	24,235,000	377,096	377,096	0
CALAMOS® Growth & Income Portfolio CALAMOS® Advisors Trust	165,000	*	165,000	2,567	2,567	0
CALAMOS® High Yield Fund CALAMOS® Investment Trust	3,000,000	1.00	3,000,000	46,680	46,680	0
Calamos® Strategic Total Return Fund	10,500,000	3.50	10,500,000	163,380	163,380	0
CBARB, a segregated account of Geode Capital Master Fund, Ltd.	2,000,000	*	2,000,000	31,120	31,120	0
Chrysler Corporation Master Retirement Trust(4)	1,870,000	*	1,870,000	29,097	29,097	0
City and County of San Francisco Retirement System	966,000	*	966,000	15,030	15,030	0
City University of New York(4)	91,000	*	91,000	1,415	1,415	0
Class C Trading Company, Ltd.	210,000	*	210,000	3,267	3,267	0

DBAG London(4)	11,000,000	3.67	11,000,000	171,160	171,160	0
Delaware PERS	390,000	*	390,000	6,068	6,068	0
Delaware Public Employees Retirement System(4)	786,000	*	786,000	12,230	12,230	0
Delta Airlines Master Trust	195,000	*	195,000	3,034	3,034	0
Delta Air Lines Master Trust CV(4)	320,000	*	320,000	4,979	4,979	0
Delta Pilots Disability & Survivorship Trust CV(4)	185,000	*	185,000	2,878	2,878	0
Deutsche Bank Securities Inc.(5)	500,000	*	500,000	7,780	7,780	0
Double Black Diamond Offshore LDC	4,280,000	1.43	4,280,000	66,596	66,596	0
Drawbridge Global Macro Master Fund Ltd.	3,000,000	1.00	3,000,000	46,680	46,680	0
Duke Endowment	180,000	*	180,000	2,800	2,800	0

Table of Contents

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F.M. Kirby Foundation, Inc.(4)	275,000	*	275,000	4,279	4,279	0
Family Service Life Insurance Co.(4)	100,000	*	100,000	1,556	1,556	0
Fore Convertible Master Fund, Ltd.	8,000,000	2.67	8,000,000	124,480	124,480	0
Fore Erisa Fund, Ltd.	2,000,000	*	2,000,000	31,120	31,120	0
Forest Fulcrum Fund LP(5)	553,000	*	553,000	8,604	8,604	0
Forest Global Convertible Fund, Ltd. Class A-5	1,194,000	*	1,194,000	18,578	18,578	0
Forest Multi-Strategy Master Fund SPC, on behalf of its Multi-Strategy Segregated Portfolio	695,000	*	695,000	10,814	10,814	0
Frontpoint Convertible Arbitrage Fund, LP	3,500,000	1.17	3,500,000	54,460	54,460	0
Grady Hospital(4)	85,000	*	85,000	1,322	1,322	0
Guardian Life Insurance Co.(4)	7,000,000	2.33	7,000,000	108,920	108,920	0
Guardian Pension Trust(4)	400,000	*	400,000	6,224	6,224	0
HFR CA Global Opportunity Master Trust	493,000	*	493,000	7,671	7,671	0
HFR CA Global Select Master Trust Account	190,000	*	190,000	2,956	2,956	0
HFR CA Opportunity Mst. Trst(4)	454,000	*	454,000	7,064	7,064	0
HFR RVA Select Performance Master Trust	115,000	*	115,000	1,789	1,789	0
HSBC Investments (USA) Inc. for the HSBC Multi-Strategy Arbitrage Fund(4)	1,000,000	*	1,000,000	15,560	15,560	0
	40,000	*	40,000	622	622	0

Hallmark Convertible Securities Fund						
Hawaiian Airlines Employees Pension Plan IAM	10,000	*	10,000	155	155	0
Hawaiian Airlines Pilots Retirement Plan	35,000	*	35,000	544	544	0
Huntrise Capital Leveraged Partners, LLC	75,000	*	75,000	1,167	1,167	0
ICI American Holdings Trust	145,000	*	145,000	2,256	2,256	0
Independence Blue Cross(4)	480,000	*	480,000	7,468	7,468	0
Inflective Convertible Opportunity Fund I, L.P.	1,500,000	*	1,500,000	23,340	23,340	
Inflective Convertible Opportunity Fund I, LTD	3,500,000	1.17	3,500,000	54,460	54,460	0

Table of Contents

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Institutional Benchmarks Management Fund c/o Quattro Fund	500,000	*	500,000	7,780	7,780	0
International Truck & Engine Corporation Non-Contributory Retirement Plan Trust(4)	210,000	*	210,000	3,267	3,267	0
International Truck & Engine Corporation Retiree Health Benefit Trust(4)	85,000	*	85,000	1,322	1,322	0
International Truck & Engine Corporation Retirement Plan for Salaried Employees Trust(4)	205,000	*	205,000	3,189	3,189	0
J.P. Morgan Securities Inc.(5)	1,500,000	*	1,500,000	23,396	23,340	56
KBC Financial Products USA, Inc(5)	7,640,000	2.55	7,640,000	118,878	118,878	0
LLT Limited	277,000	*	277,000	4,310	4,310	
Lyxor(4)	642,000	*	642,000	9,989	9,989	0
Lyxor/ Forest Fund Limited	1,282,000	*	1,282,000	19,947	19,947	0
Lyxor/ Inflective Convertible Opportunity Fund Limited	3,500,000	1.17	3,500,000	54,460	54,460	0
Lyxor/ Quest Fund Ltd	2,000,000	*	2,000,000	31,120	31,120	0
Man Mac I Limited	3,000,000	1.00	3,000,000	46,680	46,680	0
Merrill Lynch Insurance Group	208,000	*	208,000	3,236	3,236	0
Microsoft Corporation(4)	275,000	*	275,000	4,279	4,279	0
Municipal Employees	133,000	*	133,000	2,069	2,069	0
New Orleans Firefighters Pension/Relief Fund	53,000	*	53,000	824	824	0
	3,495,000	1.17	3,495,000	54,382	54,382	0

Nuveen Preferred and Convertible Fund JQC						
Nuveen Preferred and Convertible Income Fund JPC	2,600,000	*	2,600,000	40,456	40,456	0
OCLC Online Computer Library Center Inc.	20,000	*	20,000	311	311	0
OCM Convertible Trust(4)	525,000	*	525,000	8,169	8,169	0
OCM Global Convertible Securities Fund(4)	80,000	*	80,000	1,244	1,244	0
Occidental Petroleum Corporation	196,000	*	196,000	3,049	3,049	0
Ohio Bureau of Workers Compensation	110,000	*	110,000	1,711	1,711	0
Partner Reinsurance Company Ltd.(4)	320,000	*	320,000	4,979	4,979	0
Policeman and Firemen Retirement System of the City of Detroit(4)	340,000	*	340,000	5,290	5,290	0
Pro-Mutual	570,000	*	570,000	8,869	8,869	0

Table of Contents

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Putnam Convertible Income- Growth Trust(4)	6,000,000	2.00	6,000,000	93,360	93,360	0
Quattro Fund Ltd.	9,000,000	3.00	9,000,000	140,040	140,040	0
Quattro Multistrategy Masterfund LP	500,000	*	500,000	7,780	7,780	0
Quest Global Convertible Master Fund Ltd	500,000	*	500,000	7,780	7,780	0
Qwest Occupational Health Trust(4)	105,000	*	105,000	1,633	1,633	0
Qwest Pension Trust(4)	280,000	*	280,000	4,356	4,356	0
RCG Baldwin LP(4)	750,000	*	750,000	11,670	11,670	0
RCG Halifax Master Fund, LTD(4)	750,000	*	750,000	11,670	11,670	0
RCG Latitude Master Fund, LTD(4)	2,750,000	*	2,750,000	42,790	42,790	0
RCG Multi Strategy Master Fund, LTD(4)	1,000,000	*	1,000,000	15,560	15,560	0
Ramius Capital Group(4)	1,000,000	*	1,000,000	15,560	15,560	0
Ramius Master Fund LTD(4)	2,750,000	*	2,750,000	42,790	42,790	0
Saranac Capital Management L.P. on behalf of Citigroup Alternative Investments Diversified Arbitrage Strategies Fund Ltd.	2,226,000	*	2,226,000	34,636	34,636	0
Saranac Capital Management L.P. on behalf of Citigroup Alternative Investments Enhanced Arbitrage Strategies Fund	415,000	*	415,000	6,457	6,457	0
Saranac Capital Management L.P. on behalf of Citigroup Alternative Investments	11,478,000	3.83	11,478,000	178,597	178,597	0

QIP Multi Strategy Arbitrage Portfolio						
Saranac Capital Management L.P. on behalf of Saranac Erisa Arbitrage LTD	5,144,000	1.71	5,144,000	80,040	80,040	0
Saranac Capital Management L.P. on behalf of Saranac Erisa Arbitrage LP	384,000	*	384,000	5,975	5,975	0
Saranac Capital Management L.P. on behalf of Saranac Arbitrage LTD	353,000	*	353,000	5,492	5,492	0
SG Americas Securities, LLC(5)	2,500,000	*	2,500,000	38,900	38,900	0
Silver Convertible Arbitrage Fund, LDC	250,000	*	250,000	3,890	3,890	0

Table of Contents

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Sphinx Convertible Arbitrage SPC	661,000	*	661,000	10,285	10,285	0
State Employees Retirement Fund of the State of Delaware(4)	450,000	*	450,000	7,002	7,002	0
State of Oregon Equity	1,925,000	*	1,925,000	29,953	29,953	0
Susquehanna Capital Group(5)	3,000,000	1.00	3,000,000	46,680	46,680	0
Syngenta AG	135,000	*	135,000	2,100	2,100	0
TCW Group Inc.	3,690,000	1.23	3,690,000	57,416	57,416	0
The Grable Foundation(4)	54,000	*	54,000	840	840	0
The St. Paul Travelers Companies, Inc. Commercial Lines(4)	600,000	*	600,000	9,336	9,336	0
Trustmark Insurance	220,000	*	220,000	3,423	3,423	0
UBS O Connor LLC F/B/O O Connor Global Convertible Arbitrage Master Limited	6,000,000	2.00	6,000,000	93,360	93,360	0

UBS Securities LLC(5)	7,510,000	2.50	7,510,000	116,855	116,855	0
UnumProvident Corporation(4)	175,000	*	175,000	2,723	2,723	0
Vicis Capital Master Fund	2,000,000	*	2,000,000	31,120	31,120	0
Virginia Retirement System(4)	980,000	*	980,000	15,248	15,248	0
Wachovia Securities International LTD.(5)	11,500,000	3.83	11,500,000	178,940	178,940	0
Waterstone Market Neutral MAC51, Ltd.	2,322,000	*	2,322,000	36,130	36,130	0
Waterstone Market Neutral Master Fund, Ltd.	22,678,000	7.56	22,678,000	352,869	352,869	0
Xavex Convertible Arbitrage 2 Fund	70,000	*	70,000	1,089	1,089	0
Xavex Convertible Arbitrage 5 Fund	1,000,000	*	1,000,000	15,560	15,560	0
Xavex Convertible Arbitrage 10 Fund	660,000	*	660,000	10,269	10,269	0
Zurich Institutional Benchmarks Master Fund Ltd.	870,000	*	870,000	13,537	13,537	0
Unidentified Selling Security Holders	970,000	*	970,000	46,447(6)	46,447(6)	0
Total	300,000,000	100	300,000,000	4,675,456	4,668,000	7,456

* Less than 1%

(1) Because a selling security holder may sell all or a portion of the notes and common stock issuable upon conversion of the notes pursuant to this prospectus, an estimate can not be given as to the number or percentage

of notes and common stock that the selling security holder will hold upon termination of any sales. The information presented assumes that all of the selling security holders will fully convert the notes for cash and shares of our common stock and that the selling security holders will sell all shares of our common stock that they received pursuant to such conversion.

(2) Includes shares of common stock issuable upon conversion of the notes.

(3) The number of shares of our common stock issuable upon conversion of the notes is calculated assuming (i) that the notes are worth $600,000,000 at the time of conversion, with the $300,000,000 principal amount paid in cash and the remaining $300,000,000 paid in shares of our common stock and (ii) the conversion of the full amount of notes held by such holder at the initial conversion price of $64.27, which equals a conversion rate of the initial conversion rate of 15.5600 shares per $1,000 principal amount of the notes. This conversion rate is subject to adjustment as described under Description of Notes Conversion Price Adjustments . Accordingly, the number of shares of our common stock to be sold may increase or decrease from time to time. Fractional shares will not be issued upon conversion of the notes. Cash will be paid instead of fractional shares, if any.

(4) This selling security holder has identified itself as an affiliate of a registered broker-dealer and has represented to us that such selling security holder acquired its notes or underlying common stock in the ordinary course of business and, at the time of the purchase of the notes or the underlying common stock, such selling security holder had no agreements or understandings, directly or indirectly, with any person to distribute the notes or underlying common stock. To the extent that we become aware that such selling security holder did not acquire its notes or underlying common stock in the ordinary course of business or did have such an agreement or understanding, we will file a post-effective amendment to the registration statement of which this prospectus forms a part to designate such affiliate as an underwriter within the meaning of the Securities Act of 1933.

(5) This selling security holder has identified itself as a registered broker-dealer and, accordingly, it is deemed to be, under the interpretations of the Securities and Exchange Commission, an underwriter within the meaning of the Securities Act of 1933. Please see Plan of Distribution for required disclosure regarding these selling security holders.

(6) Due to the effects of rounding, does not equal exactly 15.5600 shares per $1,000 principal amount of the notes.

Selling security holders who are registered broker-dealers are deemed to be underwriters within the meaning of the Securities Act of 1933. In addition, selling security holders who are affiliates of registered broker-dealers may be deemed to be underwriters within the meaning of the Securities Act of 1933 if such selling security holder (i) did not acquire its notes or underlying common stock in the ordinary course of business or (ii) had any agreement or understanding, directly or indirectly, with any person to distribute the notes or underlying common stock. To our knowledge, no selling security holder who is a registered broker-dealer or an affiliate of a registered broker-dealer received any securities as underwriting compensation.

Table of Contents

DESCRIPTION OF NOTES

We issued the notes under an indenture, dated as of March 30, 2005, between us and JPMorgan Chase Bank, National Association, as trustee. The notes and the shares of common stock issuable upon conversion of the notes, if any, are covered by a registration rights agreement. Each holder may request a copy of the indenture and the registration rights agreement from the trustee at the address provided herein.

The following description is a summary of the material provisions of the notes, the indenture and the registration rights agreement and does not purport to be complete. This summary is subject to and is qualified by reference to all the provisions of the notes and the indenture, including the definitions of certain terms used in the indenture, and to all provisions of the registration rights agreement. Wherever particular provisions or defined terms of the indenture or the notes are referred to, these provisions or defined terms are incorporated in this prospectus by reference. We urge you to read the indenture because it, and not this description, defines each holder s rights as a holder of the notes.

As used in this Description of Notes section, references to Cal Dive, the company, we, us and our refer o
Cal Dive International, Inc. and do not include its subsidiaries.

General

The notes will mature on December 15, 2025 unless earlier converted, redeemed or repurchased. Each holder has the option, subject to certain qualifications and the satisfaction of certain conditions and during the periods described below, to convert its notes into cash and shares, if any, of our common stock at an initial conversion rate of 15.5600 shares of common stock per $1,000 principal amount of notes. This is equivalent to an initial conversion price of approximately $64.27 per share of common stock. The conversion rate is subject to adjustment if certain events occur. Upon a surrender of a holder s notes for conversion, we will deliver cash equal to the lesser of the aggregate principal amount of notes to be converted and our total conversion obligation. We will deliver shares of our common stock in respect of the remainder, if any, of our conversion obligation, as described below under Conversion Rights Payment Upon Conversion. If we deliver shares of common stock upon conversion of a note, a holder will not receive fractional shares but a cash payment to account for any such fractional share as described below. A holder will not receive any cash payment for interest (or contingent interest or additional amounts, if any) accrued and unpaid to the conversion date except under the limited circumstances described below including under Registration Rights below.

If any interest payment date, maturity date, redemption date, repurchase date or settlement date (including upon the occurrence of a fundamental change, as described below) falls on a day that is not a business day, then the required payment will be made on the next succeeding business day with the same force and effect as if made on the date that the payment was due, and no additional interest will accrue on that payment for the period from and after the interest payment date, maturity date, redemption date or repurchase date (including upon the occurrence of a fundamental change, as described below), as the case may be, to that next succeeding business day.

The notes were issued only in denominations of $1,000 principal amount and integral multiples thereof. References to a note or each note in this prospectus refer to $1,000 principal amount of the notes. The notes are limited to $300 million aggregate principal amount.

As used in this prospectus, business day means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which commercial banks are authorized or required by law, regulation or executive order to close in The City of New York.

Any reference to common stock means our common stock, no par value per share.

Ranking

The notes are our direct, unsecured and unsubordinated obligations. The notes rank *pari passu* with all of our existing and future unsecured and unsubordinated indebtedness and senior in right of payment to all of our existing and future subordinated indebtedness. The notes effectively rank junior to all of our existing and future secured indebtedness to the extent of the collateral securing that indebtedness.

Creditors of each of our subsidiaries, including trade creditors, generally have priority with respect to the assets and earnings of the subsidiary over the claims of our creditors, including holders of the notes. The notes, therefore, are effectively subordinated to the claims of creditors, including trade creditors, of our subsidiaries.

In addition, our rights and the rights of our creditors, including the holders of the notes, to participate in the assets of a subsidiary during its liquidation or reorganization are effectively subordinated to all existing and future liabilities of that subsidiary.

As of March 31, 2005, our long-term debt, including current maturities, consisted of approximately $443.3 million. As of March 31, 2005, our subsidiaries had indebtedness of approximately $143.3 million, excluding intercompany indebtedness.

In August 2004, we replaced our existing credit facility which was scheduled to expire in February 2005 with a new, four-year credit facility with a syndicate of banks that provides for borrowings of up to $150 million. The amount available under this credit facility may be increased to $250 million at any time upon our agreement with the lenders. This new credit facility bears interest at LIBOR plus 75 175 basis points depending on our leverage, and contains financial covenants relative to our level of debt to EBITDA, as defined in the credit facility, fixed charge coverage and book value of assets coverage. As of March 31, 2005, the company was in compliance with these covenants and there were no outstanding amounts under this facility.

At March 31, 2005, $134.3 million was outstanding on Cal Dive s long-term financing for construction of the *Q4000.* This U.S. government guaranteed financing is pursuant to Title XI of the Merchant Marine Act of 1936 which is administered by the Maritime Administration. This debt is referred to as the MARAD Debt . The MARAD Debt is payable in equal semi-annual installments which began in August 2002 and matures 25 years from such date. The MARAD Debt is collateralized by the *Q4000*, with Cal Dive guaranteeing 50% of the debt, and bears interest at a rate which currently floats at a rate approximating AAA Commercial Paper yields plus 20 basis points (approximately 2.47% as of December 31, 2004). For a period up to ten years from delivery of the vessel in April 2002, Cal Dive has the ability to lock in a fixed rate. In accordance with the MARAD Debt agreements, Cal Dive is required to comply with certain covenants and restrictions, including the maintenance of minimum net worth, working capital and debt-to-equity requirements. As of March 31, 2005, Cal Dive was in compliance with these covenants.

In August 2003, Canyon Offshore, Ltd., or COL (with a guarantee from Cal Dive) completed a capital lease with a bank refinancing the construction costs of a newbuild 750 horsepower trenching unit and a ROV. COL received proceeds of $12 million for the assets and agreed to pay the bank sixty monthly installment payments of $217,174 (resulting in an implicit interest rate of 3.29%). COL has an option to purchase the assets at the end of the lease term for $1. The proceeds were used to reduce Cal Dive s revolving credit facility, which had initially funded the construction costs of the assets.

Interest

The notes bear interest at a rate of 3.25% per year. We will also pay contingent interest on the notes in the circumstances described under Contingent Interest and, if applicable, additional amounts in the circumstances described under Registration Rights. Interest, including contingent interest and additional amounts, if any, shall be payable semi-annually in arrears on June 15 and December 15 of each year, commencing June 15, 2005.

Interest on a note, including contingent interest and additional amounts, if any, will be paid to the person in whose name the note is registered at the close of business on the June 1 or December 1, as the case may be (each, a record date), immediately preceding the relevant interest payment date (whether or not such day is a business day); provided, however, that accrued and unpaid interest, including

Table of Contents

contingent interest and additional amounts, if any, payable upon redemption or repurchase by us will be paid to the person to whom principal is payable, unless the redemption date or repurchase date, as the case may be, is an interest payment date. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will accrue from March 30, 2005 or from the most recent date to which interest has been paid or duly provided for.

Upon conversion of a note, a holder will not receive any cash payment of interest (including contingent interest and additional amounts, if any) unless, as described below, such conversion occurs between a record date and the interest payment date to which that record date relates or such conversion occurs during a registration default as described under Registration Rights below. If we deliver shares of common stock upon surrender of a note for conversion, we will not issue fractional shares of common stock. Instead, we will pay cash in lieu of fractional shares based on the last reported sale price of the common stock on the trading day immediately prior to the conversion date. Our delivery to a holder of the full amount of cash and shares of common stock, if any, as described below under Payment upon Conversion, together with any cash payment for any fractional share, will be deemed to satisfy our obligation to pay:

- the principal amount of the note; and
- accrued but unpaid interest (including contingent interest and additional amounts, if any) to but excluding the conversion date.

As a result, accrued but unpaid interest (including contingent interest and additional amounts, if any) up to but excluding the conversion date will be deemed to be paid in full rather than cancelled, extinguished or forfeited. For a general discussion of the U.S. federal income tax treatment upon receipt of our common stock upon conversion, see Material U.S. Federal Income Tax Considerations.

Notwithstanding the preceding paragraph, if notes are converted after the close of business on a record date but prior to the opening of business on the interest payment date to which that record date relates, holders of such notes at the close of business on the record date will receive the interest, including contingent interest and additional amounts, if any, payable on the notes on the corresponding interest payment date notwithstanding the conversion. Such notes, upon surrender for conversion, must be accompanied by funds equal to the amount of interest (including contingent interest and additional amounts, if any) payable on the notes so converted on the next succeeding interest payment date; provided that no such payment need be made (1) if we have specified a redemption date or a repurchase date relating to a fundamental change that is after a record date and on or prior to the next interest payment date or (2) to the extent of any overdue interest (and any contingent interest and additional amounts) if any such interest exists at the time of conversion with respect to such note.

Contingent Interest

Beginning with the period commencing on December 20, 2012 and ending on June 14, 2013, and for each six month period thereafter, we will pay contingent interest on the interest payment date for the applicable interest period if the average trading price (as defined below) of the notes during the five consecutive trading days ending on the third trading day immediately preceding the first day of the applicable interest period (each such trading day during the five trading day period called the determination date) equals or exceeds 120% of the principal amount of the notes.

On any interest payment date when contingent interest is payable, the contingent interest payable per note will equal 0.25% per year of the average trading price of such note during the applicable five trading day reference period.

We will notify the holders of the notes upon making the determination that they will be entitled to receive contingent interest with respect to any six-month interest period.

For purposes of this section, the trading price of the notes on any date of determination means the average of the secondary market bid quotations obtained by the bid solicitation agent for $5.0 million

Table of Contents

aggregate principal amount of the notes at approximately 3:30 p.m., New York City time, on the determination date from three independent nationally recognized securities dealers we select, provided that if:

three such bids cannot reasonably be obtained by the bid solicitation agent, but two such bids are obtained, then the average of the two bids shall be used, and

only one such bid can reasonably be obtained by the bid solicitation agent, that one bid shall be used;
provided further if no bids are received or, in our reasonable judgment, the bid quotations are not indicative of the secondary market value of the notes, then the trading price of the notes on any date of determination will equal (1) the applicable conversion rate of the notes as of the determination date multiplied by (2) the average last reported sale price (as defined below under Conversion Rights Conversion Upon Satisfaction of Sale Price Condition) of our common stock on the five trading days ending on the determination date.

We will appoint a bid solicitation agent and we may change any bid solicitation agent. The bid solicitation agent may not be an affiliate of ours.

Trading day means a day during which trading in securities generally occurs on the Nasdaq National Market or, if our common stock is not quoted on the Nasdaq National Market, then a day during which trading in securities generally occurs on the principal U.S. securities exchange on which our common stock is listed or, if our common stock is not listed on a U.S. national or regional securities exchange, then on the principal other market on which our common stock is then traded or quoted.

Optional Redemption by Cal Dive

Prior to December 20, 2012, the notes are not redeemable at our option. On or after December 20, 2012, we may redeem the notes for cash in whole or in part at any time for a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus any accrued and unpaid interest (including contingent interest and additional amounts, if any) up to but excluding the redemption date.

If the redemption date occurs after a record date and on or prior to an interest payment date, accrued and unpaid interest (including contingent interest and additional amounts, if any) shall be paid on such interest payment date to the record holder on the relevant record date.

We will provide not less than 30 nor more than 60 days notice of redemption by mail to each registered holder of notes to be redeemed. If the redemption notice is given and funds are deposited as required, then interest will cease to accrue on and after the redemption date on those notes or portions of notes called for redemption.

Once we have called the notes for redemption, notes or portions of notes will be convertible by the holder until the close of business on the business day prior to the redemption date.

If we decide to redeem fewer than all of the outstanding notes, the trustee will select the notes to be redeemed (in principal amounts of $1,000 or integral multiples thereof) by lot, on a pro rata basis or by another method the trustee considers fair and appropriate. If the trustee selects a portion of a holder s notes for partial redemption and the holder converts a portion of its notes, the converted portion will be deemed to be from the portion selected for redemption.

We may not redeem the notes if we have failed to pay any interest, including contingent interest and additional amounts on the notes when due and such failure to pay is continuing.

Conversion Rights

General

Subject to the qualifications and the satisfaction of the conditions and during the periods described below, a holder may convert each of its notes prior to the close of business on the business day immediately preceding stated maturity into cash and shares of our common stock, if any, initially at a conversion rate of 15.5600 shares of common stock per $1,000 principal amount of notes (equivalent to an initial conversion price of approximately $64.27 per share of common stock based on the issue price per note). The conversion rate and the equivalent conversion price in effect at any given time are referred to as the applicable conversion rate and the applicable conversion price, respectively, and are subject to adjustment as described below. A holder may convert fewer than all of its notes so long as the notes converted are an integral multiple of $1,000 principal amount. Upon surrender of a note for conversion, we will deliver cash and shares of our common stock, if any, as described below under Payment upon Conversion.

A holder may convert its notes in whole or in part only in the following circumstances, which are described in more detail below, and to the following extent:

- upon satisfaction of the sale price condition;
- once we have called the notes for redemption; or
- upon the occurrence of specified corporate transactions.

We will notify holders by press release once the notes have become convertible upon any of the foregoing circumstances.

If we call a holder s notes for redemption, the holder may convert the notes only until the close of business on the business day prior to the redemption date unless we fail to pay the redemption price. If a holder has already delivered a repurchase election with respect to a note as described under either Repurchase of Notes by Cal Dive at Option of Holder or Repurchase of Notes by Cal Dive at Option of Holder upon a Fundamental Change, it may not surrender that note for conversion until it has withdrawn the repurchase election in accordance with the indenture.

If a holder converts notes, we will pay any documentary, stamp or similar issue or transfer tax due on the issue of shares of our common stock upon the conversion, unless the tax is due because a holder requests the shares to be issued or delivered to another person, in which case that holder will pay that tax.

Conversion upon Satisfaction of Sale Price Condition

A holder may surrender its notes for conversion during any fiscal quarter after the fiscal quarter ending March 31, 2005 if the last reported sale price per share of our common stock for at least 20 trading days during the period of 30 consecutive trading days ending on the last trading day of the previous fiscal quarter is more than 120% of the applicable conversion price per share of our common stock on such last trading day. Upon surrender by a holder of its notes for conversion, we will deliver cash and shares of common stock, if any, as described below under Payment upon Conversion.

The last reported sale price of our common stock on any date means the closing sale price per share (or, if no closing sale price is reported, the average of the bid and asked prices or, if more than one in either case, the average of the average bid and the average asked prices) on such date as reported by the Nasdaq National Market or, if our common stock is not reported by the Nasdaq National Market, in composite transactions for the principal U.S. national securities exchange on which our common stock is traded. If our common stock is not listed for trading on a U.S. national or regional securities exchange and not reported by the Nasdaq National Market on the relevant date, the last reported sale price will be the last quoted bid price for our common stock in the over-the-counter market on the relevant date as reported by the National Quotation Bureau Incorporated or similar organization. If our common stock is not so quoted, the last reported sale price will be the average of the mid-point of the last bid and asked

Table of Contents

prices for our common stock on the relevant date from each of at least three independent nationally recognized investment banking firms selected by us for this purpose.

Conversion upon Notice of Redemption

If we call any or all of the notes for redemption, a holder may convert any of its notes at any time prior to the close of business on the business day immediately prior to the redemption date. Upon surrender by a holder of its notes for conversion, we will deliver cash and shares of common stock, if any, as described below under Payment upon Conversion.

Conversion upon Specified Corporate Transactions

Certain Distributions

If we elect to:

- distribute to all or substantially all holders of our common stock certain rights or warrants entitling them to purchase, for a period expiring within 60 days after the date of the distribution, shares of our common stock at less than the last reported sale price of a share of our common stock on the trading day immediately preceding the announcement date of the distribution; or

- distribute to all or substantially all holders of our common stock, assets (including cash), debt securities or rights or warrants to purchase our securities, which distribution has a per share value as determined by our board of directors exceeding 10% of the last reported sale price of our common stock on the trading day immediately preceding the announcement date for such distribution,

we must notify holders of the notes at least 20 business days prior to the ex-dividend date for such distribution. Once we have given such notice, holders may surrender their notes for conversion at any time until the earlier of the close of business on the business day immediately prior to the ex-dividend date or any announcement that such distribution will not take place. No holder may exercise this right to convert if the holder otherwise could participate in the distribution without conversion. The ex-dividend date is the first date upon which a sale of the common stock does not automatically transfer the right to receive the relevant distribution from the seller of the common stock to its buyer. Upon surrender by a holder of its notes for conversion, we will deliver cash and shares of common stock, if any, as described below under Payment upon Conversion.

Certain Corporate Transactions

If:

- a change of control occurs pursuant to clause (1) of the definition thereof set forth under Repurchase of Notes by Cal Dive at Option of Holder upon a Fundamental Change below, or

- a change of control occurs pursuant to clause (3) of the definition thereof set forth under Repurchase of Notes by Cal Dive at Option of Holder upon a Fundamental Change below pursuant to which our common stock would be converted into cash, securities or other property,

in either case, regardless of whether a holder has the right to put the notes as described under Repurchase of Notes by Cal Dive at Option of Holder upon a Fundamental Change, then a holder may surrender notes for conversion at any time from and after the date which is 15 days prior to the anticipated effective date of the transaction until and including the date which is 15 days after the actual effective date of such transaction (or, if such transaction also results in holders having a right to require us to repurchase their notes, until the fundamental change repurchase date). We will notify holders and the trustee at the same time we publicly announce such transaction (but in no event less than 15 days prior to the effective date of such transaction).

If a holder elects to convert its notes during the period specified above on or prior to December 20, 2012 and 10% or more of the consideration for the common stock in the corporate transaction consists of consideration other than common stock that is traded or scheduled to be traded immediately following such transaction on a U.S. national securities exchange or the Nasdaq National Market, we will increase the conversion rate by the additional shares as described below under Conversion Rate Adjustments Make Whole Amount and Adjustments for Conversion After a Public Acquirer Change of Control or, in lieu thereof, we may in certain circumstances elect to adjust the conversion rate and related conversion obligation so that the notes are convertible into shares of the acquiring or surviving entity.

If a transaction described above occurs, a holder can, subject to certain conditions, require us to repurchase all or a portion of its notes as described under Repurchase of Notes by Cal Dive at Option of Holder upon a Fundamental Change.

Conversion Procedures

To convert a note, a holder must do each of the following:

- complete and manually sign the conversion notice on the back of the note, or a facsimile of the conversion notice, and deliver this irrevocable notice to the conversion agent;
- surrender the note to the conversion agent;
- if required, furnish appropriate endorsements and transfer documents;
- if required, pay all transfer or similar taxes; and
- if required, pay funds equal to interest payable on the next interest payment date.

The date a holder complies with these requirements is the conversion date under the indenture. The notes will be deemed to have been converted immediately prior to the close of business on the conversion date. If a holder s interest is a beneficial interest in a global note, to convert a holder must comply with the last three requirements listed above and comply with the depositary s procedures for converting a beneficial interest in a global note.

The conversion agent will initially be the trustee. The conversion agent will, on a holder s behalf, convert the notes into cash and shares of common stock, if any. A holder may obtain copies of the required form of the conversion notice from the conversion agent. Payments of cash and, if shares of common stock are to be delivered, a stock certificate or certificates will be delivered to the holder, or a book-entry transfer through DTC will be made, by the conversion agent for the number of shares of common stock as set forth below under Payment upon Conversion.

Payment upon Conversion

In connection with any conversion, we will satisfy our obligation to convert the notes (the conversion obligation) by delivering to holders in respect of each $1,000 aggregate principal amount of notes being converted a settlement amount consisting of:

(1) cash equal to the lesser of $1,000 and the conversion value, and

(2) to the extent the conversion value exceeds $1,000, a number of shares equal to the sum of, for each day of the cash settlement period described below, the greater of (i) zero and (ii) the quotient of (A) 10% of the difference between (x) the product of the conversion rate (plus any additional shares as described under Conversion Rights Conversion Rate Adjustments Make Whole Amount and Adjustments for Conversion After a Public Acquirer Change of Control or, if the notes are converted during a registration default, 103% of such conversion rate and any such additional shares) and the last reported sale price of our common stock for such date, and (y) $1,000, divided by (B) the last reported sale price of our common stock for such day.

We will not issue fractional shares of common stock upon conversion of the notes. Instead, we will pay the cash value of such fractional shares based upon the last reported sale price of our common stock on the trading day immediately preceding the conversion date. Upon conversion of a note, a holder will not receive any cash payment of interest (including contingent interest and additional amounts, if any) unless such conversion occurs between a record date and the interest payment date to which that record date relates or as described under Registration Rights below. We will deliver the settlement amount on the third business day following the date the settlement amount is determined.

The conversion value means the product of (1) the conversion rate in effect (plus any additional shares as described under Conversion Rights Conversion Rate Adjustments Make Whole Amount and Adjustments for Conversion After a Public Acquirer Change of Control) or, if the notes are converted during a registration default, 103% of such conversion rate (and any such additional shares), and (2) the average of the last reported sale prices (as defined above under Conversion upon Satisfaction of Sale Price Condition) of our common stock for the trading days during the cash settlement period.

The cash settlement period with respect to any notes means the 10 consecutive trading days beginning on the second trading day after the conversion date for those notes.

If a holder tenders notes for conversion and the conversion value is being determined at a time when the notes are convertible into other property in addition to or in lieu of our common stock, the conversion value of each note will be determined based on the kind and amount of shares of stock, securities or other property or assets (including cash or any combination thereof) that a holder of a number of shares of our common stock equal to the conversion rate would have owned or been entitled to receive in such transaction and the value thereof during the cash settlement period. Settlement of notes tendered for conversion after the effective date will be as set forth above.

Conversion Rate Adjustments

The applicable conversion rate will be subject to adjustment, without duplication, upon the occurrence of any of the following events:

(1) the payment to all holders of common stock of dividends or other distributions payable in shares of our common stock or our other capital stock.

(2) subdivisions, splits and combinations of our common stock.

(3) the issuance to all holders of our common stock of rights, warrants or options (other than pursuant to any dividend reinvestment or share purchase plans) entitling them, for a period of up to 60 days from the date of issuance of the rights, warrants or options, to subscribe for or purchase common stock at less than the current market price thereof; provided that the applicable conversion rate will be readjusted to the extent that such rights, warrants or options are not exercised prior to their expiration.

(4) distributions to all or substantially all holders of our common stock, of shares of capital stock, evidences of indebtedness or other assets, including securities (but excluding rights or warrants listed in (3) above, dividends or distributions listed in (1) above and distributions consisting exclusively of cash), in which event the conversion rate will be increased by multiplying it by a fraction,

the numerator of which will be the current market price of our common stock on the record date fixed for the distribution; and

the denominator of which will be the current market price of our common stock on the record date fixed for the distribution minus the fair market value, as determined by our board of directors, of the portion of those assets, debt securities, shares of capital stock or rights or warrants so distributed applicable to one share of common stock.

Table of Contents

If we distribute to holders of our common stock capital stock of, or similar equity interests in, a subsidiary or other business unit of ours, then the conversion rate will be adjusted based on the market value of the securities so distributed relative to the market value of our common stock, in each case based on the average of the last reported sale price of those securities (where such last reported sale prices are available) for the 10 trading days commencing on and including the fifth trading day after the ex-dividend date for such distribution on the Nasdaq National Market or such other national or regional exchange or market on which the securities are then listed or quoted.

(5) distributions of cash to all or substantially all holders of our common stock (excluding any dividend or distribution in connection with our liquidation, dissolution or winding-up), in which event the conversion rate will be increased by multiplying it by a fraction,

the numerator of which will be the current market price of our common stock on the record date fixed for the distribution; and

the denominator of which will be (i) the current market price of our common stock on the record date fixed for the distribution minus (ii) the amount per share of such dividend or distribution.

(6) we or one of our subsidiaries makes a payment in respect of a tender offer or exchange offer for our common stock to the extent that the cash and value of any other consideration included in the payment per share of our common stock exceeds the last reported sale price of our common stock on the trading day following the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer, in which event the conversion rate will be increased by multiplying it by a fraction,

the numerator of which will be the sum of (i) the fair market value, as determined by our board of directors, of the aggregate consideration payable for all shares of our common stock we purchase in such tender or exchange offer and (ii) the product of the number of shares of our common stock outstanding less any such purchased shares and the closing price of our common stock on the trading day next succeeding the expiration of the tender or exchange offer; and

the denominator of which will be the product of the number of shares of our common stock outstanding, including any such purchased shares, and the closing price of our common stock on the trading day next succeeding the expiration of the tender or exchange offer.

(7) someone other than us or one of our subsidiaries makes a payment in respect of a tender offer or exchange offer in which, as of the closing date of the offer, our board of directors is not recommending rejection of the offer, in which event the applicable conversion rate will generally be increased by multiplying such conversion rate by a fraction,

the numerator of which will be the sum of (i) the fair market value, as determined by our board of directors, of the aggregate consideration payable to our stockholders based on the acceptance (up to any maximum specified in the terms of the tender or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the expiration of the offer and (ii) the product of the number of shares of our common stock outstanding less any such purchased shares and the closing price of our common stock on the trading day next succeeding the expiration of the tender or exchange offer; and

the denominator of which will be the product of the number of shares of our common stock outstanding, including any such purchased shares, and the closing price of our common stock on the trading day following the expiration of the tender or exchange offer.

The adjustment referred to in this clause (7) will be made only if:

the tender offer or exchange offer is for an amount that increases the offeror s ownership of common stock to more than 25% of the total shares of common stock outstanding; and

Table of Contents

the cash and value of any other consideration included in the payment per share of common stock exceeds the sale price of our common stock on the trading day following the last date on which tenders or exchanges may be made pursuant to the tender or exchange offer.

However, the adjustment referred to in this clause (7) will generally not be made if, as of the closing of the offer, the offering documents disclose a plan or an intention to cause us to engage in a consolidation or merger or a sale of all or substantially all of our assets.

In addition to these adjustments, we may in our sole discretion increase the conversion rate as our board of directors deems advisable to avoid or diminish any income tax to holders of our notes resulting from any dividend or distribution of capital stock issuable upon conversion of the notes (or rights to acquire capital stock) or from any event treated as such for income tax purposes. We may also, from time to time, to the extent permitted by applicable law and Nasdaq listing requirements, increase the conversion rate by any amount for any period of at least 20 days if our board of directors has determined that such increase would be in our best interests. If our board of directors makes that determination, it will be conclusive. We will give holders of notes at least 15 days prior notice of such an increase in the conversion rate. For a general discussion of the U.S. federal income tax treatment of an adjustment to the conversion rate of the notes, see Material U.S. Federal Income Tax Considerations U.S. Holders Constructive distributions.

Current market price of our common stock on any day means the average of the last reported sale price of our common stock (as defined above under Conversion Conversion upon Satisfaction of Sale Price Condition) for each of the 10 consecutive trading days ending on the earlier of the day in question and the day before the ex-dividend date with respect to the issuance or distribution requiring such computation, subject to adjustment by our board of directors if the related transaction occurs during such 10-day period.

To the extent that we have a rights plan in effect upon any conversion of the notes into common stock, a holder will receive, in addition to the common stock, the rights under the rights plan, unless, prior to any conversion, the rights have separated from the common stock, in which case the conversion rate will be adjusted at the time of separation as described in clause (4) above. A further adjustment will occur as described in clause (4) above, if such rights become exercisable to purchase different securities, evidences of indebtedness or assets, subject to readjustment in the event of the expiration, termination or redemption of such rights.

In the event of:

any reclassification of our common stock;

a consolidation, merger, binding share exchange or combination involving us; or

a sale or conveyance to another person or entity of all or substantially all of our property or assets;

in each case, in which holders of common stock would be entitled to receive stock, other securities, other property, assets or cash for their common stock, upon conversion by a holder of its notes it will be entitled to receive the same type of consideration that it would have been entitled to receive had it owned a number of shares of our common stock equal to the conversion rate immediately prior to any of these events multiplied by the principal amount of the notes converted. The conversion value and the amounts received in settlement of our conversion obligation will be computed as set forth under Payment upon Conversion above and will be determined based on the kind and amount of shares of stock, securities or other property (including cash or any combination thereof) that a holder of a number of shares of our common stock equal to the conversion rate would have owned or been entitled to receive in such transaction.

The applicable conversion rate will not be adjusted:

upon the issuance of any shares of our common stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on our securities and the investment of additional optional amounts in shares of our common stock under any plan;

upon the issuance of any shares of our common stock or options or rights to purchase those shares pursuant to any present or future employee, director or consultant benefit plan or program of or assumed by us or any of our subsidiaries;

upon the issuance of any shares of our common stock pursuant to any option, warrant, right or exercisable, exchangeable or convertible security not described in the preceding bullet and outstanding as of the date the notes were first issued;

for a change in the par value of the common stock; or

for accrued and unpaid interest, including contingent interest and additional amounts, if any.

Adjustments to the applicable conversion rate will be calculated to the nearest 1/10,000th of a share. No adjustment to the applicable conversion rate will be required unless the adjustment would require an increase or decrease of at least 1.0% of the applicable conversion rate. However, any adjustments which are not required to be made because they would have required an increase or decrease of less than 1.0% will be carried forward and be made on the first to occur of (i) any subsequent adjustment, (ii) the first day of the next calendar year and (iii) any conversion of the notes.

Make-Whole Amount and Adjustments for Conversion After a Public Acquirer Change of Control

If the effective date or anticipated effective date of certain corporate transactions as described under Conversion upon Specified Corporate Transactions Certain Corporate Transactions occurs on or prior to December 20, 2012 and 10% or more of the consideration for our common stock in the corporate transaction consists of consideration other than common stock that is traded or scheduled to be traded immediately following such transaction on a U.S. national securities exchange or the Nasdaq National Market, we will increase the conversion rate for the notes surrendered for conversion by a number of additional shares (the additional shares) as described below. We will notify holders, at least 20 days prior to the anticipated effective date of such corporate transaction and whether we elect to increase the conversion rate as described below or to modify the conversion obligation as described below.

The number of additional shares will be determined by reference to the table below, based on the date on which the corporate transaction becomes effective (the effective date) and the price (the stock price) paid per share of our common stock in the corporate transaction. If holders of our common stock receive only cash in the corporate transaction, the stock price will be the cash amount paid per share.
Otherwise, the stock price will be the average of the last reported sale prices (as defined under Conversion upon Satisfaction of Sale Price Condition above) of our common stock on the five trading days immediately prior to but not including the effective date of the corporate transaction.

The stock prices set forth in the first row of the table below (i.e., column headers) will be adjusted as of any date on which the conversion rate of the notes is adjusted, as described above under Conversion Rate Adjustments. The adjusted stock prices will equal the stock prices applicable immediately prior to such adjustment multiplied by a fraction, the numerator of which is the conversion rate immediately prior to the adjustment giving rise to the stock price adjustment and the denominator of which is the conversion rate as so adjusted. The number of additional shares will be adjusted in the same manner as the conversion rate as set forth under Conversion Rate Adjustments.

Table of Contents

The following table sets forth the hypothetical stock price, effective date and number of additional shares per $1,000 principal amount of notes:

Stock Price

tive	$ 45.00	$ 45.10	$ 50.00	$ 55.00	$ 61.00	$ 67.00	$ 74.00	$ 82.00	$ 91.00	$ 101.00	$ 112.00	$ 124.00	$ 135.00	$ 1
nber 15,	0.00	6.61	5.63	4.71	3.88	3.25	2.71	2.24	1.85	1.53	1.28	1.07	0.92	
nber 15,	0.00	6.61	5.43	4.50	3.66	3.04	2.48	2.02	1.65	1.35	1.10	0.92	0.79	
nber 15,	0.00	6.52	5.24	4.26	3.40	2.75	2.21	1.76	1.41	1.13	0.92			