

HELIX ENERGY SOLUTIONS GROUP INC

Form DEF 14A

April 01, 2010

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**Helix Energy Solutions Group Inc.**

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
  - Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- (1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**HELIX ENERGY SOLUTIONS GROUP, INC.**

**400 North Sam Houston Parkway East**

**Houston, Texas 77060**

**Telephone: (281) 618-0400**

April 1, 2010

Dear Shareholder:

You are cordially invited to join us for our 2010 Annual Meeting of shareholders to be held on Wednesday, May 12, 2010 at 10:00 a.m. at the Crowne Plaza Houston North Greenspoint Hotel, 425 North Sam Houston Parkway East, Houston, Texas 77060. **Beginning at 9:30 a.m., employees and officers will be available to provide information about 2009 developments.**

The materials following this letter include the formal Notice of Annual Meeting of shareholders and the proxy statement. The proxy statement describes the business to be conducted at the meeting, including the election of three directors and the ratification of the appointment of Ernst & Young LLP as our independent auditors for the 2010 fiscal year. At the meeting, we will also report on industry matters of current interest to our shareholders, and you will have an opportunity to meet with some of our directors and officers.

We have elected to furnish proxy materials to shareholders on the Internet pursuant to rules adopted by the Securities and Exchange Commission. We believe these rules enable us to provide you with the information you need, while making delivery more efficient, more cost effective and more environmentally friendly. In accordance with these rules, we have sent a Notice of Availability of Proxy Materials to each of our shareholders.

**Beginning this year, your vote is especially important because of a recent regulatory change.** In 2009, the Securities and Exchange Commission approved an amendment to the New York Stock Exchange rules that eliminated broker discretionary voting for the election of directors. If your shares are held by a broker, your broker can no longer vote your shares for the election of directors unless you provide voting instructions. Therefore, if your shares are held by a broker, please instruct your broker regarding how to vote your shares on the election of directors.

Whether you own a few or many shares of stock, it is important that your shares be represented. Regardless of whether you plan to attend the meeting in person, please take a moment now to vote your proxy over the Internet, by telephone, or, if this statement was mailed to you, by completing and signing the enclosed proxy card and promptly returning it in the envelope provided. The Notice of Annual Meeting of Shareholders on the inside cover of this proxy statement includes instructions on how to vote your shares.

The officers and directors of Helix appreciate and encourage shareholder participation. We look forward to seeing you at the annual meeting.

Sincerely,

Owen Kratz

*President and Chief Executive Officer*

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**HELIX ENERGY SOLUTIONS GROUP, INC.  
NOTICE OF ANNUAL MEETING  
OF SHAREHOLDERS**

|  |  |
|--|--|
| DATE:                                    | Wednesday, May 12, 2010  |
| TIME:                                    | 10:00 a.m. Central Daylight Time (Houston Time)  |
| PLACE:                                   | Crowne Plaza Houston North Greenspoint Hotel Apollo Room<br>425 North Sam Houston Parkway East Houston, Texas 77060  |
| ITEMS OF BUSINESS:                       | <ol style="list-style-type: none"><li>1. To elect three Class I directors each to serve a three-year term expiring on the later of the Annual Meeting of shareholders in 2013 or a successor being elected and qualified.</li><li>2. To ratify the selection of Ernst &amp; Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2010.</li><li>3. To consider any other business that may properly be considered at the Annual Meeting or any adjournment thereof.</li></ol>   |
| RECORD DATE:                             | You may vote at the Annual Meeting if you were a holder of our common stock of record at the close of business on March 19, 2010.  |
| VOTING BY PROXY:                         | <p>In order to avoid additional soliciting expense to us, please vote your proxy as soon as possible, even if you plan to attend the meeting. Shareholders of record can vote by one of the following methods:</p> <ol style="list-style-type: none"><li>1. Call 1-800-560-1965 to vote by telephone anytime up to 12:00 noon Central Daylight Time on May 11, 2010; OR</li><li>2. GO TO THE WEBSITE: <a href="http://www.eproxy.com/hlx">www.eproxy.com/hlx</a> to vote over the Internet anytime up to 12:00 noon Central Daylight Time on May 11, 2010; OR</li><li>3. IF PRINTED PROXY MATERIALS WERE MAILED TO YOU, MARK, SIGN, DATE AND RETURN your proxy card in the enclosed postage-paid envelope. If you are voting by telephone or the Internet, please do not mail your proxy card.</li></ol> |
| INTERNET AVAILABILITY OF PROXY MATERIALS | <b>The proxy statement and 2009 Annual Report to shareholders are also available at <a href="http://www.HelixESG.com/annualmeeting">www.HelixESG.com/annualmeeting</a>.</b>  |

By Order of the Board of Directors,  
Alisa B. Johnson  
*Corporate Secretary*

April 1, 2010

**YOUR VOTE IS IMPORTANT**  
**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS**  
**FOR THE SHAREHOLDER MEETING TO BE HELD ON MAY 12, 2010**

The Company's proxy statement and 2009 Annual Report to shareholders (including our Annual Report on Form 10-K) for the fiscal year ended December 31, 2009 are also available at [www.HelixESG.com/annualmeeting](http://www.HelixESG.com/annualmeeting).

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**HELIX ENERGY SOLUTIONS GROUP, INC.**  
**400 North Sam Houston Parkway East**  
**Houston, Texas 77060**  
**Telephone: (281) 618-0400**

**PROXY STATEMENT**  
**Annual Meeting of Shareholders**  
**May 12, 2010**

**GENERAL INFORMATION ABOUT THE ANNUAL MEETING AND VOTING**

The Board of Directors of Helix Energy Solutions Group, Inc., a Minnesota corporation that is referred to herein as Helix, the Company, we, us, or our, is soliciting your proxy to vote at the 2010 Annual Meeting of shareholders May 12, 2010. This proxy statement contains information about the items being voted on at the Annual Meeting and information about Helix. Please read it carefully.

The Annual Meeting will be held at the Crowne Plaza Houston North Greenspoint Hotel Apollo Room, 425 North Sam Houston Parkway East, Houston, Texas 77060. The Board of Directors of Helix set March 19, 2010 as the record date for the Annual Meeting. There were 104,578,348 shares of Helix's common stock outstanding on the record date. If you attend the Annual Meeting, please note that you may be asked to present valid picture identification. Cameras, recording devices and other electronic devices may not be permitted at the meeting other than those operated by Helix or its designees.

As permitted by the Securities and Exchange Commission (SEC) rules, we are making this proxy statement and our annual report available to our shareholders electronically via the Internet. On or about April 1, 2010, we intend to mail to our shareholders a Notice of Internet Availability of Proxy Materials (Notice). The Notice contains instructions on how to vote online, or in the alternative, request a paper copy of the proxy materials and a proxy card. By providing the Notice and access to our proxy materials by the Internet, we are lowering the costs and reducing the environmental impact of our Annual Meeting.

**ABOUT THE ANNUAL MEETING**

**Why am I receiving these materials?**

We are providing these proxy materials to you in connection with our Annual Meeting of shareholders, to be held on Wednesday, May 12, 2010 at 10:00 a.m. at the Crowne Plaza Houston North Greenspoint Hotel-Apollo Room, 425 North Sam Houston Parkway East, Houston, Texas 77060, and all reconvened meetings after adjournments thereof. As a shareholder of the Company, you are invited to attend the Annual Meeting and are entitled and requested to vote on the proposal described in this proxy statement.

**What proposals will be voted on at the Annual Meeting?**

Two matters are currently scheduled to be voted on at the Annual Meeting.

First is the election of three Class I directors to the board, each to serve a three-year term expiring at the Annual Meeting of shareholders in 2013 or, if at a later date, the date on which a successor is elected and qualified.

Second is the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm by our Audit Committee of the board for the fiscal year ending December 31, 2010.

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Although we do not expect any other items of business, we also will consider other business that properly comes before the meeting in accordance with Minnesota law and our By-laws. The chairman of the Annual Meeting may refuse to allow the presentation of a proposal or a nomination for the board from the floor of the Annual Meeting if the proposal or nomination was not properly submitted.

**Who may vote at the Annual Meeting?**

The board has set March 19, 2010 as the record date for the Annual Meeting. Owners of Helix common stock whose shares are recorded directly in their name in our stock register (shareholders of record) at the close of business on March 19, 2010 may vote their shares on the matters to be acted upon at the meeting. Shareholders who hold shares of our common stock in street name, that is, through an account with a broker, bank or other nominee, as of such date may direct the holder of record how to vote their shares at the meeting by following the instructions for this purpose that the street name holders will receive from the holder of record. You are entitled to one vote for each share of common stock you held on the record date. You may cast one vote for each share of common stock held by you on the record date on each of the matters presented at the meeting.

**How does the board recommend that I vote?**

Our board unanimously recommends that you vote your shares:

FOR each of the director nominees identified in this proxy statement, and

FOR the ratification of Ernst & Young LLP as our independent auditors.

**If I received a notice in the mail regarding Internet availability of the proxy materials instead of a paper copy of the proxy materials, why was that the case?**

Similar to last year, we are using the notice and access process permitted by the SEC to distribute proxy materials to certain shareholders. This process allows us to post proxy materials on a designated website and notify shareholders of the availability of such proxy materials on that website. Thus, for most shareholders, we are furnishing proxy materials, including this proxy statement and our 2009 Annual Report, by providing access to such documents on the Internet instead of mailing paper copies.

The Notice, which is being mailed to most of our shareholders, describes how to access and review all of the proxy materials on the Internet. The Notice also describes how to vote via the Internet. If you would like to receive a paper copy by mail or an electronic copy by e-mail of our proxy materials, you should follow the instructions for requesting such materials in the Notice. Your request to receive your future proxy materials by e-mail will save us the cost of printing and mailing documents to you and will reduce the impact of our Annual Meeting on the environment.

**Can I vote my shares by filling out and returning the Notice of Internet Availability of Proxy Materials?**

No, the Notice identifies the matters to be voted on at the Annual Meeting, but you cannot vote by marking the Notice and returning it.

**How do I vote my shares?**

You may either vote your shares in person at the Annual Meeting or designate another person to vote the shares you own. That other person is called a proxy and you may vote your shares by means of a proxy using one of the following methods of voting if you are a shareholder of record:

Electronically using the Internet,

By telephone, or

If this proxy statement was mailed to you, by signing and dating the enclosed proxy card and returning it in the prepaid envelope.

The instructions for these three methods are set forth on the Notice which immediately follows the cover page of this proxy statement and also on the proxy card. If you return your signed proxy card but do not mark the boxes showing how you wish to vote, your shares will be voted as recommended by the board. The giving of such proxy does not affect your right to vote in person if you attend the meeting.

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### **Am I shareholder of record?**

*Shareholder of Record.* If your shares are registered directly in your name with our transfer agent, Wells Fargo Shareowner Services (Wells Fargo), you are considered a shareholder of record with respect to those shares and the Notice is being sent directly to you by Wells Fargo. As a shareholder of record, you may vote in person at the Annual Meeting or vote by proxy. To vote your shares at the Annual Meeting you should bring proof of identification. Whether or not you plan to attend the Annual Meeting, we urge you to vote via the Internet, by telephone, or by completing, signing and returning the proxy card.

*Beneficial Owner.* If, like most shareholders of the Company, you hold your shares in street name through a stockbroker, bank or other nominee rather than directly in your own name, you are considered the beneficial owner of those shares, and the Notice is being forwarded to you by the recordholder. If you are a beneficial owner, you may appoint proxies and vote as provided by that bank, broker or nominee. The availability of telephone or internet voting will depend upon the voting process of the broker, bank or other nominee. You should follow the voting directions provided by your broker, bank or nominee. If you provide specific voting instructions in accordance with the directions provided by your broker, bank or nominee, your shares will be voted by such party as you have directed. The organization that holds your shares, however, is considered the shareholder of record for purposes of voting at the Annual Meeting. Accordingly, you may vote shares held in street name at the Annual Meeting only if you obtain a signed legal proxy from the record holder (broker, bank or other nominee) giving you the right to vote the shares and provide an account statement or letter from such nominee showing that you were the beneficial owner of the shares on the record date. If your shares are not registered in your name and you plan to attend the Annual Meeting and vote your shares in person, you should contact your broker, bank or other nominee in whose name your shares are registered to obtain a proxy executed in your favor and bring it to the Annual Meeting.

### **May I change my vote?**

Yes, if you are a shareholder of record, you may change your vote and revoke your proxy by:

    sending a written statement to that effect to the Corporate Secretary of Helix,

    submitting a properly signed proxy card with a later date, or

    voting in person at the Annual Meeting.

If you hold shares in street name, you must follow the procedures to change your vote required by the holder of record, either your broker, bank or other nominee, to revoke or change a proxy. You should contact the shareholder of record directly for more information on these procedures.

### **What is a quorum?**

A majority of Helix's outstanding common shares as of the record date must be present at the Annual Meeting in order to hold the meeting and conduct business. This is called a quorum. Shares are counted as present at the Annual Meeting if a shareholder:

    is present in person at the Annual Meeting; or

    has properly submitted a proxy (either by written proxy card or by voting on the Internet or by telephone).

Proxies received but marked as abstentions or withholding authority, if any, and broker non-votes, will be included in the calculation of the number of shares considered to be present at the meeting for quorum purposes.

### **What are broker non-votes and abstentions?**

If you are the beneficial owner of shares held in street name by a broker, bank or other nominee, then the broker, bank or other nominee, as shareholder of record of the shares, is required to vote those shares in accordance with your instructions. If you do not give instructions to the broker, bank or other nominee, then it will have discretion to vote the shares with respect to routine matters, such as the ratification of the selection of an independent registered public accounting firm, but will not be permitted to vote with respect to non-routine matters, such as the election of directors. Accordingly, if you do not instruct your broker, bank or other nominee on how to vote your shares with respect to the proposal on the election of directors, your shares will be broker non-votes with respect to that proposal.



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An abstention is a decision by a shareholder to take a neutral position on a proposal being submitted to shareholders at a meeting. Taking a neutral position through an abstention is considered a vote cast on a proposal being submitted at a meeting.

**How many shares can vote?**

On the record date, there were 104,578,348 shares of Helix common stock outstanding and entitled to vote at the meeting held by approximately 26,100 beneficial owners. These are the only securities entitled to vote. Each holder of a share of common stock is entitled to one vote for each share held.

**What happens if additional matters are presented at the Annual Meeting?**

Other than the election of three Class I directors and ratification of the selection of our independent auditors, we are not aware of any other business to be acted upon at the Annual Meeting. If you grant a proxy, the persons named as proxy holders will have the discretion to vote your shares on any additional matters properly presented for a vote at the meeting in accordance with Minnesota law and our By-laws.

**How many votes are required to approve each proposal?**

*Proposal No. 1.* The election of each director nominee requires the affirmative FOR vote of a plurality of the shares present in person or by proxy at the Annual Meeting and entitled to vote on the election of directors. Assuming that a quorum is present at the Annual Meeting, the three directors receiving the greatest number of votes cast by the holders of common stock entitled to vote on the matter will be elected as directors. As a result, if you WITHHOLD AUTHORITY to vote for a nominee, your vote will not be counted in determining the outcome of the election of directors.

*Proposal No. 2.* The ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2010 requires the affirmative FOR vote of a majority of the shares present in person or by proxy at the Annual Meeting and entitled to vote on the proposal.

Any other proposal being voted on requires the affirmative FOR vote of a majority of the shares present in person or by proxy at the meeting and entitled to vote on that proposal.

**What if I don't give specific voting instruction?**

*Shareholders of Record.* If you are the shareholder of record and you:

Indicate when voting via the Internet or by telephone that you wish to vote as recommended by the board, or

Return a signed proxy card but do not indicate how you wish to vote, then your shares will be voted in accordance with the recommendations of the board on all matters presented in this proxy statement and as the proxy holders may determine in their discretion regarding any other matters properly presented for a vote at the Annual Meeting. If you indicate a choice with respect to any matter to be acted upon on your proxy card, the shares will be voted in accordance with your instructions.

*Beneficial Owners.* If you are a beneficial owner and hold your shares in street name and do not provide your stockbroker, bank or other nominee with voting instructions, the stockbroker, bank or other nominee will determine if it has the discretionary authority to vote on the particular matter. Under applicable rules, brokers have the discretion to vote on routine matters, such as the ratification of the selection of an independent registered public accounting firm, but do not have discretion to vote on non-routine matters, such as the election of directors (a broker non-vote).

Broker non-votes and abstentions are included in determining the number of shares present for the purpose of determining whether a quorum exists at the Annual Meeting. Abstentions will have no effect on the election of directors. Abstentions will be treated as being present and entitled to vote on the other proposals presented at the Annual Meeting and, therefore, will have the effect of votes against any such proposal. Shares subject to broker non-votes will not be considered entitled to vote with respect to the applicable proposal, and will not affect the outcome on those proposals (including the election of directors).

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**Beginning this year, your vote is especially important.** If your shares are held by a stockbroker, bank or other nominee, your broker, bank or other nominee cannot vote your shares for the election of directors unless you provide voting instructions. **Therefore, please instruct your broker regarding how to vote your shares on the election of directors promptly.**

**Is my vote confidential?**

Proxy cards, proxies delivered by Internet or telephone, ballots and voting tabulations that identify individual shareholders are mailed or returned directly to an independent inspector of election and handled in a manner that protects your voting privacy. The independent inspector of election will count the votes.

**How do I get to the Annual Meeting of shareholders?**

A map is provided on the back of this proxy statement for your convenience or at [www.HelixESG.com](http://www.HelixESG.com) under *Investor Relations* tab and by clicking *Annual Meeting*.

**May shareholders ask questions at the Annual Meeting?**

Yes. During the Annual Meeting shareholders may ask questions or make remarks directly related to the matters being voted on. In order to ensure an orderly meeting, we ask that shareholders direct questions and comments to the Chairman. In order to provide this opportunity to every shareholder who wishes to speak, the Chairman may limit each shareholder's remarks to two minutes. In addition, beginning at 9:30 a.m., our employees and officers will be available to provide information about 2009 developments and to answer questions of more general interest.

**What does it mean if I receive more than one proxy card?**

It means you hold shares registered in more than one account. To ensure that all your shares are voted, please follow the instructions and vote the shares represented by each such card. To avoid this situation in the future, we encourage you to have all accounts registered in the same name and address whenever possible. For shares held directly by you, you can do this by contacting our transfer agent Wells Fargo at 1 (800) 468-9716.

**Who will count the votes?**

We have hired a third party, Wells Fargo, to judge the voting, be responsible for determining whether or not a quorum is present, and tabulate votes cast by proxy or in person at the Annual Meeting.

**Who will bear the cost for soliciting votes for the meeting?**

We will bear all expenses in conjunction with the solicitation of proxies, including the charges of brokerage houses and other custodians, nominees or fiduciaries for forwarding documents to beneficial owners; provided, however that we will not bear any costs related to an individual shareholder's use of the Internet or telephone to cast their vote. Proxies may be solicited by mail, in person, or by telephone or by facsimile by certain of our officers, directors and regular employees, without extra compensation.

**How do I find out the results of the Annual Meeting?**

Preliminary voting results will be announced at the Annual Meeting and posted on our website under *Investor Relations* at [www.HelixESG.com](http://www.HelixESG.com). The final voting results will be reported in Current Report on Form 8-K filed in accordance with SEC rules.

**Whom should I call with other questions?**

If you have additional questions about this proxy statement or the meeting, or would like additional copies of this document or our 2009 Annual Report to Shareholders (including our Annual Report on Form 10-K), please contact: Helix Energy Solutions Group, Inc., 400 North Sam Houston Parkway East, Suite 400, Houston Texas, 77060, Attention: Corporate Secretary, telephone: (281) 618-0400.

**How may I communicate with the Company's Board of Directors?**

Shareholders may send communications in care of the Corporate Secretary, Helix Energy Solutions Group, Inc., 400 North

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Sam Houston Parkway East, Suite 400, Houston, Texas 77060. Please indicate whether your message is for the Board of Directors as a whole, or a particular group or committee of directors, or an individual director.

**When are the shareholder proposals for the 2011 Annual Meeting of shareholders due?**

All shareholder proposals must be submitted *in writing* to General Counsel and Corporate Secretary, Helix Energy Solutions Group, Inc., 400 North Sam Houston Parkway East, Suite 400, Houston Texas 77060. Any shareholder who intends to present a proposal at the 2011 Annual Meeting of shareholders must deliver the proposal to us so that it is received no later than December 1, 2010, to have the proposal included in our proxy materials for that meeting. Shareholder proposals must also meet other requirements of the Securities Exchange Act of 1934, as amended (Exchange Act), to be eligible for inclusion. In addition, our By-laws permit shareholders to propose business to be considered and to nominate directors for election by the shareholders. To propose business or to nominate a director, the shareholder must deliver a notice to the Corporate Secretary prior to February 11, 2011 setting forth the name of the nominee and all information required to be disclosed in solicitations of proxies or otherwise required pursuant to Regulation 14A under the Exchange Act together with such person's written consent to serve as a director if elected.

**PROPOSAL 1: ELECTION OF DIRECTORS**

Three directors are to be elected at the 2010 Annual Meeting. The board has nominated three incumbent directors: Owen Kratz, Bernard J. Duroc-Danner and John V. Lovoi to stand for re-election as Class I directors to the board to serve a three-year term until the 2013 annual meeting or, if at a later date, until their successors are elected and qualified. Each of the nominees is currently serving as a director.

All of the nominees have agreed to be named in this proxy statement and have indicated a willingness to continue to serve if elected. The Corporate Governance and Nominating Committee of the board determined that each of the nominees qualifies for election under its criteria for the evaluation of directors and nominated each of the candidates for election. If any nominee becomes unable to serve before the election, the shares represented by proxies may be voted for a substitute designated by the board, unless a contrary instruction is indicated on the proxy card. The board has no reason to believe that any of the nominees will become unavailable. The board has affirmatively determined that the nominees, other than Mr. Kratz, qualify as independent as that term is defined under NYSE Rule 303A and applicable rules promulgated by the SEC.

Unless otherwise instructed, the persons named as proxies will vote all proxies received **FOR** the election of the persons named as nominees below as Class I directors for a term of three years, until the annual meeting of shareholders to be held in 2013 or, if at a later date, until their respective successors are elected and qualified. There is no cumulative voting in the election of directors and the Class I directors will be elected by a plurality of the votes cast at the Annual Meeting.

In the section below, we provide the names and biographical information about the three Class I nominees and each other member of the board. Age and other information in the director's biographical information are as of March 19, 2010. Information about the number of shares of Common Stock beneficially owned by each director as of March 19, 2010 appears below under the heading "Share Ownership Information - Management Shareholdings" on pages 22-24.

There are no family relationships among any of our directors, nominees for director or executive officers.

**Board of Directors Recommendation**

**The board recommends that you vote FOR each of the nominees to the Board of Directors set forth in this Proposal 1.**

**Vote Required**

Election of each director requires the affirmative vote of a plurality of the shares of common stock present or represented and entitled to vote at the Annual Meeting. This means the three directors receiving the greatest number of votes cast by the holders of common stock entitled to vote on the matter will be elected as directors.

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**Owen Kratz** Director since 1990  
**President and Chief Executive Officer** age 55  
**Helix Energy Solutions Group, Inc.**

Mr. Kratz is our President and Chief Executive Officer. He was named Executive Chairman in October 2006 and served in that capacity until February 2008 when he resumed his prior position of President and Chief Executive Officer of the Company. He was appointed Chairman of our Board in May 1998 and served as the Company's Chief Executive Officer since April 1997 until October 2006. Mr. Kratz served as President from 1993 until February 1999, and has served as a director since 1990. He served as Chief Operating Officer from 1990 through 1997. Mr. Kratz joined the Company in 1984 and held various offshore positions, including saturation (SAT) diving supervisor, and had management responsibility for client relations, marketing and estimating. From 1982 to 1983, Mr. Kratz was the owner of an independent marine construction company operating in the Bay of Campeche. Prior to 1982, he was a superintendent for Santa Fe and various international diving companies, and a diver in the North Sea. Mr. Kratz is also a director of Cal Dive International, Inc. Mr. Kratz has a Bachelor of Science degree from State University of New York. As a result of his experiences, Mr. Kratz possesses valuable industry and operational knowledge and experience in the offshore oilfield services industry, and extensive knowledge of our complex business organization and our business units. Mr. Kratz also provides knowledge in international business affairs and organizations, strategic planning and leadership of complex organizations that strengthen the board's collective qualifications, skills and experience.

**Bernard J. Duroc-Danner** Director since 1999  
**Chairman of the Board, President and Chief Executive Officer** age 56  
**Weatherford International Ltd.**

Mr. Duroc-Danner has served as a director since February 1999. He has been Chairman of the Board, President and Chief Executive Officer of Weatherford International Ltd. since May 1998. Weatherford is one of the largest global providers of innovative mechanical solutions, technology and services for the drilling and production sectors of the oil and gas industry. Mr. Duroc-Danner also serves as a director of LMS, a London investment company. Mr. Duroc-Danner is also a member of the National Petroleum Council and the Society of Petroleum Engineers. Mr. Duroc-Danner holds a Ph.D. in economics from The Wharton School of the University of Pennsylvania. As a result of his experiences, Mr. Duroc-Danner possesses particular knowledge and experience as a chief executive officer of a public company and in providing leadership of complex organizations. Mr. Duroc-Danner has extensive knowledge in oilfield services, strategic planning in a complex industry, and all aspects of operating a large international business that strengthen the board's collective qualifications, skills and experience.

**John V. Lovoi** Director since 2003  
**Principal** age 49  
**JVL Partners**

Mr. Lovoi has served as a director since February 2003. He is a founder and Managing Partner of JVL Partners, a private oil and gas investment partnership. Mr. Lovoi served as head of Morgan Stanley's global oil and gas investment banking practice from 2000 to 2002 and was a leading oilfield services and equipment research analyst for Morgan Stanley from 1995 to 2000. Prior to joining Morgan Stanley in 1995, he spent two years as a senior financial executive at Baker Hughes and four years as an energy investment banker with Credit Suisse First Boston. Mr. Lovoi also serves as a director of Evergreen Energy, Inc., a clean energy technology company providing technology and service solutions to the power generation industry and Dril-Quip, Inc., a provider of offshore drilling and production equipment to the

global oil and gas business. Mr. Lovoi graduated from Texas A&M University with a Bachelor of Science degree in chemical engineering and received an M.B.A. from the University of Texas. As a result of these professional experiences, Mr. Lovoi possesses particular financial knowledge and experience in financial matters including capital market transactions, strategic financial planning (including risk assessment), and analysis that strengthen the board's collective qualifications, skills and experience.

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**T. William Porter** Director since 2004  
**Chairman Emeritus** age 68

**Porter & Hedges, L.L.P.**

Mr. Porter has served as a director since March 2004. He is the Chairman Emeritus and a retired partner of Porter & Hedges, L.L.P., a Houston law firm formed in 1981. He was a founding partner of that firm, and for the most recent 10 years prior to his retirement at the end of 2009, he also served as Chairman of Porter & Hedges. Mr. Porter also serves as a director of Copano Energy L.L.C., a midstream energy company with networks of natural gas gathering and intrastate transmission pipelines in the Texas Gulf Coast and Oklahoma mid-continent regions, and U.S. Concrete, Inc., a value-added provider of ready-mixed concrete and related products and services to the construction industry in several major markets in the United States. Mr. Porter graduated with a B.B.A. in finance from Southern Methodist University in 1963 and received his law degree from Duke University in 1966. As a result of his professional experiences, Mr. Porter possesses particular knowledge and expertise in legal and regulatory matters including public reporting requirements, corporate governance and regulatory matters, and other aspects of the operation and administration of business entities that strengthen the board's collective qualifications, skills and experience.

**William L. Transier** Director since 2000  
**Chief Executive Officer and President** age 55  
**Endeavour International Corporation**

Mr. Transier has served as a director since October 2000. He is Chief Executive Officer and President, and serves as Chairman of the Board of Endeavour International Corporation, an international oil and gas exploration and production company. He served as Co-Chief Executive Officer of Endeavour from its formation in February 2004 through September 2006. Mr. Transier served as Executive Vice President and Chief Financial Officer of Ocean Energy, Inc. from March 1999 to April 2003, when Ocean Energy merged with Devon Energy Corporation. From September 1998 to March 1999, Mr. Transier served as Executive Vice President and Chief Financial Officer of Seagull Energy Corporation when Seagull Energy merged with Ocean Energy. From May 1996 to September 1998, he served as Senior Vice President and Chief Financial Officer of Seagull Energy Corporation. Prior thereto, Mr. Transier served in various roles including partner from June 1986 to April 1996 in the audit department of KPMG LLP. Mr. Transier graduated from the University of Texas with a B.B.A. in accounting and has an M.B.A. from Regis University. In addition to serving on our Board of Directors and the Board of Endeavour, he is also a director of Cal Dive International, Inc. As a result of his professional experiences, Mr. Transier possesses particular knowledge and experience in accounting and disclosure compliance including accounting rules and regulations. Mr. Transier also has extensive knowledge of international operations, the oil and gas industry, leadership of complex organizations and other aspects of operating a major corporation that strengthen the board's collective qualifications, skills and experience.

**James A. Watt** Director since 2006  
**Chief Executive Officer and President** age 60  
**Dune Energy, Inc.**

Mr. Watt has served as a director since July 2006. Mr. Watt has been Chief Executive Officer, President and a director of Dune Energy, Inc., an oil and gas exploration and development company since April 2007. He served as Chairman and Chief Executive Officer of Maverick Oil and Gas, Inc., an independent oil and gas exploration and production company from August 2006 until March 2007. Mr. Watt was the Chief Executive Officer of Remington Oil and Gas Corporation from February of 1998

and the Chairman of Remington from May 2003, until Helix acquired Remington in July 2006. Mr. Watt also served on Remington's Board of Directors from September 1997 to July 2006. Mr. Watt was Vice President/Exploration of Seagull E & P, Inc., from 1993 to 1997, and Vice President/Exploration and Exploitation of Nerco Oil & Gas, Inc. from 1991 to 1993. Mr. Watt served as a director of Pacific Energy Resources, Ltd. from May 2006 until January 2010. He graduated from Rensselaer Polytechnic Institute with a Bachelor of Science in physics. As a result of his professional experiences, Mr. Watt possesses particular knowledge and experience in oil and gas exploration and production and the risks and volatile economic conditions inherent in that industry. Mr. Watt also possesses knowledge in the leadership of complex organizations and other areas related to the operation of a major corporation that strengthen the board's collective qualifications, skills and experience.

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**Class III Directors Term Expiring in 2011:**

**Gordon F. Ahalt** Director since 1990  
**Retired Consultant** age 82

Mr. Ahalt has served as a director since July 1990. Since 1982, Mr. Ahalt has been the President of GFA, Inc., a petroleum industry management and financial consulting firm. From 1977 to 1980, he was President of the International Energy Bank, London, England. From 1980 to 1982, he served as Senior Vice President and Chief Financial Officer of Ashland Oil Company. Prior thereto, he spent a number of years in executive positions with Chase Manhattan Bank. Mr. Ahalt also served as a director of Bancroft & Elsworth Convertible Funds until 2010 and currently serves as a director of other private investment funds. Mr. Ahalt received a B.S. Degree in Petroleum Engineering in 1951 from the University of Pittsburgh. As a result of his professional experiences, Mr. Ahalt possesses particular knowledge and experience in oil and gas exploration and production, capital markets, including banking and lending transactions and finance that strengthen the board's collective qualifications, skills and experience.

**Nancy K. Quinn** Director since 2009  
**Co-Owner, Principal** age 56  
**Hanover Capital, LLC**

Ms. Quinn has served as a director since February 2009. Ms. Quinn is a principal of Hanover Capital, LLC, a privately-owned advisory firm that provides services primarily to clients in the energy and natural resources industries. She has served as Executive Director of The Beacon Group, LP., a private equity firm, from 1996 to 2000, as Managing Director of PaineWebber Incorporated from 1994 to 1995, and as co-head of the natural resources and energy investment banking section of Kidder, Peabody & Co. from 1982 to 1994. Ms. Quinn currently serves on the board of directors of Endeavour International Corporation, an international oil and gas exploration and production company, and Atmos Energy Corporation, a natural gas distribution, intrastate pipeline and marketing company. Ms. Quinn graduated with a Bachelor of Fine Arts degree from Louisiana State University and an M.B.A. from the University of Arkansas. As a result of her professional experiences, Ms. Quinn possesses particular knowledge and experience in accounting and finance, including experience with capital market transactions and investments. Ms. Quinn also possesses a knowledge in strategic planning and capital markets that strengthen the board's collective qualifications, skills and experience.

**CORPORATE GOVERNANCE**

**Composition of the Board**

In accordance with our By-laws, the Board of Directors currently consists of eight members and is divided into three classes of similar size. The members of each class are elected to serve a three-year term with the term of office of each class ending in successive years. The Class I, II and III directors are currently serving until the later of the annual meeting in 2010, 2012 and 2011, respectively, and their respective successor being elected and qualified. There are currently three directors in Class I and Class II and two directors in Class III.

**Role of the Board**

The board has established guidelines that it follows in matters of corporate governance. A complete copy of the Corporate Governance Guidelines is available on our website, which is located at [www.HelixESG.com](http://www.HelixESG.com), under *Investor Relations*, by clicking *Governance*. According to the guidelines, the Board is vested with all powers necessary for the management and administration of Helix's business operations. Although not responsible for our day-to-day operations, the board has the responsibility to oversee management, provide strategic direction, provide counsel to management regarding the business and to be informed, investigate and act as necessary to promote our business objectives.

**Board of Directors Independence**

The board consists of eight directors, a majority of which are independent.

**Independence Determinations**

The board has affirmatively determined that the following members of the board qualify as independent as that term is defined under NYSE Rule 303A and applicable rules under the Exchange Act: Messrs. Ahalt, Duroc-Danner, Lovoi, Porter, Transier

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and Watt and Ms. Quinn. In making this determination, the board has concluded that none of these members has a relationship with the Company which, in the opinion of the board, is material and would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The non-independent management director is Mr. Kratz, our President and Chief Executive Officer (CEO). Accordingly, a majority of the members of the board are independent, as required by NYSE Rule 303A. This independence determination is analyzed annually to promote arms-length oversight. In making the determination regarding independence the board reviewed the NYSE Rule 303A criteria for independence in advance of the first meeting of the board in 2010. The board then gathered information with respect to each board member individually regarding potential transactions and relationships between the Company and its directors, including the existence of certain ongoing transactions entered into between the Company and certain entities of which existing directors serve as officers or directors, including transactions with Weatherford International Ltd. Each director also completed a questionnaire which included questions about his or her relationship with the Company. None of these transactions were deemed to affect the independence of the applicable director and they did not exceed the thresholds established by NYSE rules.

### **Selection of Director Candidates**

The board is responsible for selecting candidates for board membership and for establishing the criteria to be used in identifying potential candidates. The board delegates the screening and nomination process to the Corporate Governance and Nominating Committee. For more information on the director nomination process, including the current selection criteria, see *Corporate Governance and Nominating Committee* starting on page 14.

### **Board of Directors Experience, Qualification and Skills**

We are an international offshore energy company that provides field development solutions and other contracting services to the energy market as well as to our own oil and gas properties. We believe our board should be composed of individuals with sophistication and experience in the substantive areas that impact our business. We believe experience, qualifications, or skills in the following areas to be most important: oil field services, oil and gas exploration and production, international operations, accounting and finance, strategic planning, investor relations, legal/regulatory, leadership and administration of complex organizations, corporate governance and other areas related to the operation of a major corporation (whether social, cultural, industrial or operational). We believe that all of our current board members possess the professional and personal qualifications necessary for board service, and have described noteworthy attributes in their biographies under *Election of Directors* on pages 6-9 above.

### **Shareholder Communications with the Board**

Pursuant to the terms of our Corporate Governance Guidelines adopted by the board, any shareholder or other interested party wishing to send written communications to any one or more of the Company's directors may do so by sending them in care of the Corporate Secretary at the Company's principal executive offices. All such communications will be forwarded to the intended recipient(s). All such communications should indicate whether it contains a message for the Board of Directors as a whole, or a particular group or committee of directors, or an individual director.

### **Code of Business Conduct and Ethics**

In addition to the Corporate Governance Guidelines, in 2003, we adopted a written Code of Business Conduct and Ethics that applies to all of our directors, officers and employees, including our CEO, Chief Financial Officer and Senior Vice President-Finance and Chief Accounting Officer. At that time we also established a Code of Ethics for Chief Executive Officer and Senior Financial Officers which is applicable to the CEO, Chief Financial Officer, Senior Vice President-Finance and Chief Accounting Officer, and Vice President - Internal Audit. We have posted a current copy of both codes on our website, which is located at [www.HelixESG.com](http://www.HelixESG.com), under *Investor Relations*, then by clicking *Governance*. In addition, we intend to post on our website all disclosures that are required by law or NYSE listing standards concerning any amendments to, or waivers from, any provision of the code. All of the Code of Business Conduct and Ethics, the Code of Ethics for Chief Executive and Senior Financial Officers and the Corporate Governance Guidelines are available free of charge in print upon request sent to the Corporate Secretary at Helix Energy Solutions Group, Inc., 400 North Sam Houston Parkway East, Suite 400, Houston, Texas 77060.

### **Attendance at the Annual Meeting of Shareholders**

The members of the board hold a regular meeting immediately preceding or immediately after each year's Annual Meeting of shareholders. Therefore, members of the Company's Board of Directors generally attend the Company's annual meetings of shareholders. The board encourages its members to attend the annual meeting, but does not have a written policy regarding attendance

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at such meeting. Messrs. Kratz, Lovoi, Transier, Watt and Ahalt and Ms. Quinn attended the 2009 annual meeting.

**Directors Continuing Education**

The board encourages all members of the board to attend director education programs appropriate to their individual backgrounds in order to stay abreast of developments in corporate governance and best practices relevant to their contribution to the board and their specific committee assignments.

**Selection of Chairman and Chief Executive Officer**

The board does not have a formal policy with respect to whether the CEO should also serve as chairman of the board. The board currently combines the role of chairman of the board and the role of CEO. Mr. Kratz has served as chairman of the board and CEO from 1998 to 2006 and again since 2008. The board believes this structure is optimal for us because it allows one person to speak for and lead the Company and demonstrates to our employees, suppliers, customers and other stakeholders that we are under strong leadership, with a single person setting the tone and having the primary responsibility for managing our operations. Combining the chairman and the CEO roles fosters clear accountability, effective decision-making, and alignment on corporate strategy. Having a single leader also eliminates the potential for confusion and duplication of efforts. However, the board periodically reviews its leadership structure. The board, through the Compensation Committee, evaluates the CEO on an annual basis.

The board believes that independent oversight of management is an important component of an effective board of directors. Members of the board play an important role in determining agenda for many board and committee meetings and often request specific information as part of their oversight role. The board does not have a specific presiding director, but Mr. Porter, in his role as chairman of the Corporate Governance and Nominating Committee, presides as the Chair of each executive session of the board unless the particular topic of the applicable executive session dictated that another independent director serve as the Chair of the meeting, typically the Chair of the committee responsible for the particular topic. In the case of an executive session of the independent directors held in connection with a meeting of a committee of the board, the chairman of the particular committee will preside as Chair.

We believe that having a combined CEO and chairman, coupled with a substantial majority of independent, experienced directors; key board committees comprised entirely of independent directors; and strong and effective corporate governance guidelines provides the right leadership structure for our company and its shareholders at this time.

**Risk Oversight**

The board has overall responsibility for risk oversight with a focus on the most significant risks facing the Company. Our management identifies and prioritizes risk associated with our business. Each prioritized risk is assigned to a board committee or the full board for oversight. The board focuses on our general risk management strategy, the most significant risks, and ensures that appropriate risk mitigation strategies are implemented by our management. The board is also told of particular risks in connection with its general oversight and approval of corporate matters.

The board delegates to the Audit Committee oversight of much of our risk management process. Among its duties, the Audit Committee regularly reviews with management (a) our hedging policies and transactions, (b) our policies with respect to risk assessment and the management of risks that may be material, (c) our system of disclosure controls and system of internal controls over financial reporting, (d) key credit risks and (e) our compliance with legal and regulatory requirements and our programs related to such compliance.

Management regularly reports on each such risk to the relevant committee or the board. Additional review and reporting of risks is conducted as needed or as requested by the board or committee. Our other committees also consider and address risk as they perform their respective committee responsibilities. All committees report to the full board as appropriate, including when a matter rises to the level of material risk.

In addition to the reports from the committees, the board receives presentations throughout the year from various departments that include discussion of significant risks as necessary. At each board meeting, the chairman and CEO addresses matters of particular importance or concern, including any significant areas of risk that require board attention, whether commercial, operational, legal, regulatory or other type of risk. Additionally, the board reviews our short-term and long-term strategies, including consideration of significant risks facing the company and the impact of such risks.



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The board's risk oversight process builds upon management's risk assessment and mitigation processes. Our management is responsible for the day-to-day management including the management of risk. Our finance, legal (which includes human resources, contracts and risk management functions) and internal audit departments serve as the primary monitoring and testing function for company policies and procedures, and manage the day-to-day oversight of our risk management strategy. This oversight includes identifying, evaluating and addressing potential risks that may exist at the enterprise, strategic, financial, operational, compliance and reporting levels.

We believe that the risk management procedures and responsibilities described above are an effective approach for addressing the risks facing Helix and that our board structure supports this approach.

**COMMITTEES OF THE BOARD AND MEETINGS****Meetings of the Board and Committees**

The board currently has, and appoints members to, three standing committees: the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee. Each committee acts under the terms of a written charter, copies of which are available at our website, [www.HelixESG.com](http://www.HelixESG.com) under *Investor Relations*, by clicking *Governance*. A copy of each charter is available free of charge upon request to the Corporate Secretary at Helix Energy Solutions Group, Inc., 400 North Sam Houston Parkway East, Suite 400, Houston, Texas 77060. The following table summarizes the membership of the board and each of its committees as well as the number of times each met during the year ended December 31, 2009. Members were elected to these committees in February 2009 and February 2010 based upon the recommendation of the Corporate Governance and Nominating Committee by a vote of the board. Each member of each of these committees is independent as defined by the applicable NYSE and SEC rules. The board also established two pricing committees during the year ended December 31, 2009 and each such pricing committee held one meeting.

| Name(1)                    | Board  | Audit  | Compensation | Corporate Governance and Nominating |
|----------------------------|--------|--------|--------------|-------------------------------------|
| Mr. Kratz                  | Chair  |        |              |                                     |
| Mr. Ahalt                  | Member |        | Member       | Member                              |
| Mr. Duroc-Danner           | Member |        |              |                                     |
| Mr. Lovoi                  | Member | Member | Chair        |                                     |
| Mr. Porter                 | Member | Member |              | Chair                               |
| Ms. Quinn                  | Member | Member |              | Member                              |
| Mr. Transier               | Member | Chair  | Member       |                                     |
| Mr. Watt                   | Member |        | Member       | Member                              |
| Number of Meetings in 2009 |        |        |              |                                     |
| Regular                    | 4      | 7      | 4            | 4                                   |
| Special                    | 7      | 0      | 4            | 0                                   |

**Board Attendance**

During the year ended December 31, 2009, the board held a total of eleven meetings. Each director attended 75% or more of the total meetings of the board other than Mr. Duroc-Danner who attended four meetings and each director attended 75% or more of the total meetings of the committees on which such director served.

**Executive Sessions of the Directors**

Non-management directors meet in regularly scheduled executive sessions following each board and committee meeting without any members of management being present and at which only those directors who meet the independence standards of the NYSE are present, provided however, that committees did meet with individual members of management, including the CEO, during executive session by invitation. Mr. Porter presided as the Chair of each executive session of the board unless the particular topic of the applicable executive session dictated that another independent director serve as the Chair of the meeting, typically the Chair of the committee responsible for the particular topic. In the case of an executive session of the independent directors held in connection with a meeting of a committee of the board, the chairman of the particular committee will preside as Chair.



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**Audit Committee**

The Audit Committee consists of four non-employee, independent directors, Messrs. Transier, Lovoi and Porter and Ms. Quinn, each of whom meets the independence and financial literacy requirements as defined in the applicable NYSE and SEC rules. The Audit Committee is appointed by the board to assist the board in fulfilling its oversight responsibility to the shareholders, potential shareholders, the investment community and others relating to: (i) the integrity of our financial statements, (ii) the compliance with applicable legal and regulatory requirements, (iii) the performance of our internal audit function and independent registered public accounting firm, and (iv) the independent registered public accounting firm's qualifications and independence. Among the duties of the Audit Committee, all of which are more specifically described in the Audit Committee charter, which was most recently amended and restated in December 2009, the Audit Committee:

Oversees and appoints our independent registered public accounting firm.

Reviews the adequacy of our accounting and audit principles and practices, and the adequacy of compliance assurance procedures and internal controls.

Reviews and pre-approves all non-audit services to be performed by the independent registered public accounting firm in order to maintain such accounting firm's independence.

Reviews the scope of the annual audit.

Reviews with management and the independent registered public accounting firm our annual and quarterly financial statements, including disclosures made in management's discussion and analysis and our earnings press releases.

Meets independently with management and the independent registered public accounting firm.

Reviews corporate compliance and disclosure systems.

Reviews and approves all related-party transactions.

Makes regular reports to the board.

Reviews and reassesses the adequacy of its charter annually and recommends any proposed changes to the board for approval.

Performs an annual self-evaluation of its own performance.

Produces an annual report for inclusion in our proxy statement.

***Audit Committee Independence***

The board has affirmatively determined that all members of the Audit Committee: (i) are considered independent as defined under NYSE Rule 303A, and (ii) meet the criteria for independence set forth in Exchange Act Rule 10A-3(b)(1).

***Designation of Audit Committee Financial Expert***

The board has determined that each of the members of the Audit Committee is financially literate and that Mr. Transier and Ms. Quinn are audit committee financial experts, as that term is defined in the rules promulgated by the SEC pursuant to the Sarbanes-Oxley Act of 2002 and have financial management expertise as required by the NYSE listing rules.

For more information regarding the Audit Committee, please refer to the Report of the Audit Committee beginning on page 20.

**Compensation Committee**

The Compensation Committee is composed of four non-employee, independent directors. The Compensation Committee is appointed by the board to discharge the board's responsibilities relating to compensation of our executive officers. The Compensation Committee has the responsibilities described in the Compensation Committee charter including the overall responsibility for reviewing, evaluating and approving the Company's executive officer compensation agreements (to the extent such agreements are considered necessary or appropriate by the Compensation Committee), plans, policies and programs. The Compensation Committee is also responsible for reviewing and recommending to the board whether the Compensation Discussion and Analysis should be included in our proxy statement, and for performing such other functions as the board may assign to the Compensation Committee from time to time, including the responsibility to:

Review compensation philosophy and major compensation and benefits programs for employees.

Oversee the 2005 Long Term Incentive Plan, the Employee Retirement Savings Plan and the 2009 Long-Term Incentive Cash Plan.

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Commission independent consultants and review compensation with respect to executive officer compensation as compared to industry surveys and our peer group, as discussed in our Compensation Discussion and Analysis below.

Review and approve executive officer compensation, including bonuses and equity and cash opportunity long-term incentive compensation.

Review and reassess the adequacy of its charter annually and recommend any proposed changes to the board for adoption.

Perform an annual self-evaluation of its performance.

**Corporate Governance and Nominating Committee**

The goal of the Corporate Governance and Nominating Committee is to take a leadership role in shaping the corporate governance and business standards of our Board of Directors and the Company. The Corporate Governance and Nominating Committee consists of four members, all of whom meet the independence requirements of the NYSE. The members of the Corporate Governance and Nominating Committee are appointed by the Board of Directors.

The Corporate Governance and Nominating Committee identifies individuals qualified to become board members, consistent with criteria approved by the board, oversees the organization of the board to discharge the board's duties and responsibilities properly and efficiently, and identifies best practices and recommends corporate governance principles, including giving proper attention and effective responses to shareholder concerns regarding corporate governance. The Corporate Governance and Nominating Committee has the responsibilities specifically described in the Corporate Governance and Nominating Committee charter, including the responsibility to:

Identify and evaluate potential qualified director nominees and select or recommend director nominees to the board.

Monitor, and recommend members for, each of the committees of the board.

Periodically review and revise our corporate governance principles.

Review and reassess the adequacy of its charter annually and recommend any proposed changes to the board for approval.

Perform an annual self-evaluation of its performance and the performance of the board.

Perform such other duties as may be assigned by the board from time to time.

***Process for Director Nominations Shareholder Nominees***

The policy of the Corporate Governance and Nominating Committee is to consider properly submitted shareholder nominations for candidates for membership on the board as described below under Identifying and Evaluating Nominees for Directors. In evaluating such nominations, the Corporate Governance and Nominating Committee seeks to achieve a balance of knowledge, experience and capability on the board and to address the membership criteria set forth below under Director Qualifications. Any shareholder nominations proposed for consideration by the Corporate Governance and Nominating Committee should include the nominee's name and qualifications for board membership and should be addressed to the Corporate Secretary, Helix Energy Solutions Group, Inc., 400 North Sam Houston Parkway East, Suite 400, Houston, Texas 77060. In addition, our By-laws permit shareholders to nominate directors for consideration at an annual shareholder meeting. However, in order to be considered at this year's Annual Meeting such nominations were required to be received by us prior to the date of this proxy statement. Shareholders may nominate persons for election to the Board of Directors to be considered at next year's annual meeting in accordance with the procedure on page 50 of this proxy statement.

***Director Qualifications and Diversity***

The Corporate Governance and Nominating Committee has established certain criteria that identify desirable skills and experiences for prospective board members, including those recommended by the committee and those properly nominated by shareholders. The board, with the assistance of the Corporate Governance and Nominating Committee, selects potential new board members using criteria and priorities established from time to time. Desired personal qualifications for director nominees include: intelligence, insight and practical wisdom based on experience, the highest professional and personal ethics and values, integrity, strength of character and commitment. Nominees should also have broad experience at the policy-making level in business and possess a familiarity with complex business organizations and one or more of our industry segments. Nominees should have the independence necessary to make an unbiased evaluation of management performance and effectively carry out responsibilities of oversight and be committed to enhancing shareholder value. Nominees should have sufficient time to carry out their duties. Their service on other boards of public companies should be limited to a number that permits them, given their individual circumstances, to perform responsibly all director duties. Each director must represent the interests of all shareholders. Although the Corporate Governance and Nominating Committee does not have a specific formal policy regarding board diversity, it does view diversity expansively and has determined that it is desirable for the board to have a variety of different viewpoints, professional experiences,

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educational backgrounds, skills and considers these types of diversity and background considerations in its selection process. The composition, skills and needs of the board change over time and will be considered in determining desirable candidates for any specific opening on the board. The Corporate Governance and Nominating Committee in considering a potential nominee will conduct its search for the best candidate for the board seat on a non-discriminatory basis.

**Identifying and Evaluating Nominees for Directors**

The Corporate Governance and Nominating Committee utilizes a variety of methods for identifying and evaluating nominees for director. The Corporate Governance and Nominating Committee regularly assesses the appropriate size of the board, and whether any vacancies on the board are expected, due to retirement or otherwise. In the event that vacancies are anticipated, or otherwise arise, the Corporate Governance and Nominating Committee considers various potential candidates for director. Candidates may come to the attention of the Corporate Governance and Nominating Committee through current board members, professional search firms, shareholders or other persons. These candidates are evaluated at regular or special meetings of the Corporate Governance and Nominating Committee, and may be considered at any point during the year. As described above, the Corporate Governance and Nominating Committee considers properly submitted shareholder nominations for candidates for the board. Following verification of the shareholder status of persons proposing candidates, recommendations are aggregated and considered by the Corporate Governance and Nominating Committee at a regularly scheduled meeting, which is generally the first or second meeting prior to the issuance of the proxy statement for our Annual Meeting of shareholders. If any materials are provided by a shareholder in connection with the nomination of a director candidate, such materials are forwarded to the Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee may also review materials provided by professional search firms or other parties in connection with a nominee who is not proposed by a shareholder. In evaluating such nominations, the Corporate Governance and Nominating Committee seeks to achieve a balance of knowledge, experience and capability on the board.

**Sources for New Nominees**

Messrs. Kratz, Duroc-Danner and Lovoi are directors standing for re-election. The Company did not utilize any third party search firms to assist in identifying potential director candidates during 2009 or to date in 2010. Neither the Corporate Secretary nor the Corporate Governance and Nominating Committee received any recommendations for director candidates from any shareholder or group of shareholders during 2009 or to date in 2010.

**DIRECTOR COMPENSATION****2009 Director Compensation Table**

The following table provides compensation information for the one-year period ended December 31, 2009 for each member of our Board of Directors.

| Name (1)                | Fees Earned<br>or     |                             |                              | Total<br>(\$) |
|-------------------------|-----------------------|-----------------------------|------------------------------|---------------|
|                         | Paid in Cash<br>\$(2) | Stock<br>Awards<br>\$(3)(4) | Option<br>Awards<br>\$(3)(5) |               |
| Gordon F. Ahalt         | \$ 103,000            | \$ 200,000                  | \$ -0-                       | \$ 303,000    |
| Bernard J. Duroc-Danner | \$ -0-                | \$ 452,093                  | \$ -0-                       | \$ 452,093    |
| John V. Lovoi           | \$ 108,000            | \$ 200,000                  | \$ -0-                       | \$ 308,000    |
| T. William Porter       | \$ 107,000            | \$ 315,995                  | \$ -0-                       | \$ 422,995    |
| Nancy K. Quinn          | \$ 99,000             | \$ 400,000                  | \$ -0-                       | \$ 499,000    |
| William L. Transier     | \$ 109,000            | \$ 200,000                  | \$ -0-                       | \$ 309,000    |
| James A. Watt           | \$ 107,000            | \$ 200,000                  | \$ -0-                       | \$ 307,000    |

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- (1) Mr. Kratz has been omitted from the table because he did not receive any compensation for serving on our board during fiscal year 2009.
  
- (2) The annual fee for each member of the board and the fee related to the applicable board member s serving on committees are paid quarterly. Fees earned include fees from special committees established by the board during the year. Since January 1, 2005, non-employee directors have had the option of taking board and committee fees (but not expenses) in the form of restricted stock. See Summary of Director Compensation and Procedures below.
  
- (3) Amounts shown in these columns represent the

grant date fair value of the restricted stock as calculated in accordance with the provisions of FASB Accounting Standard Codification (ASC) Topic 718. We did not grant any stock options in the year ended December 31, 2009. The value ultimately realized by the director may or may not be equal to the FASB ASC Topic 718 determined value.

- (4) As of December 31, 2009, unvested restricted stock held by each non-employee director is as follows:

|                  | Director | Share of Restricted<br>Stock Outstanding<br>(a) |
|------------------|----------|---|
| Mr. Duroc-Danner |          | 96,168  |
| Mr. Ahalt        |          | 46,840  |
| Mr. Lovoi        |          | 52,345  |
| Mr. Transier     |          | 54,192  |
| Mr. Watt         |          | 48,539  |
| Mr. Porter       |          | 28,010  |
| Ms. Quinn        |          | 91,110  |

- (a) Includes January 4, 2010 grants of restricted stock

for fourth  
quarter service.

The grant date fair value of the restricted stock awarded with respect to the year ended December 31, 2009 to each director, computed in accordance with SFAS 123R is as follows:

| Name             | Date of Grant         | Number of Shares | Grant Date Fair Value |
|------------------|-----------------------|------------------|-----------------------|
| Mr. Duroc-Danner | February 26, 2009 (a) | 67,901           | \$ 183,333            |
|                  | April 1, 2009         | 4,195            | \$ 21,563             |
|                  | July 1, 2009          | 1,754            | \$ 19,066             |
|                  | October 1, 2009       | 939              | \$ 14,066             |
|                  | December 7, 2009 (b)  | 17,036           | \$ 200,000            |
|                  | January 4, 2010 (c)   | 1,197            | \$ 14,065             |
| Mr. Ahalt        | December 7, 2009 (b)  | 17,036           | \$ 200,000            |
| Ms. Quinn        | February 26, 2009 (a) | 74,074           | \$ 200,000            |
|                  | December 7, 2009 (b)  | 17,036           | \$ 200,000            |
| Mr. Lovoi        | December 7, 2009 (a)  | 17,036           | \$ 200,000            |
| Mr. Porter       | May 13, 2009 (a)      | 10,974           | \$ 115,995            |
|                  | December 7, 2009 (b)  | 17,036           | \$ 200,000            |
| Mr. Transier     | December 7, 2009 (b)  | 17,036           | \$ 200,000            |
| Mr. Watt         | December 7, 2009 (b)  | 17,036           | \$ 200,000            |

(a) Represents annual grant for 2009 board service.

(b) Represents annual grant for 2010 board service.

(c) Represents the payment of board and committee fees due for the fourth quarter of 2009.

(5) We did not grant any stock options in the year ended December 31, 2009. As of December 31, 2009, options for 88,000 shares were outstanding to Mr. Duroc-Danner awarded on February 25, 2004 which vested 20% on each of February 25, 2005,

2006, 2007, 2008 and 2009; options for 88,000 shares were outstanding to Mr. Lovoi awarded on February 17, 2003 which vested 20% on each of February 17, 2004, 2005, 2006, 2007 and 2008; options for 30,000 shares were outstanding to Mr. Ahalt awarded on January 23, 2001 which vested 20% on each of January 23, 2002, 2003, 2004, 2005 and 2006; and options for 52,800 shares were outstanding to Mr. Porter awarded on May 11, 2004, which vested 20% on each of May 11, 2005, 2006, 2007, 2008 and 2009. All grants of options to directors were in the initial amount

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equivalent to 88,000 shares. Neither Mr. Watt, Mr. Transier, nor Ms. Quinn had any outstanding options as of December 31, 2009.

For information regarding the vesting schedules of all restricted stock awards see the footnotes to the table under Share Ownership Information Management Shareholdings on pages 22-24 hereof.

**Summary of Director Compensation and Procedures**

Our non-employee director compensation structure has three components: director fees, expenses and equity-based compensation currently in the form of restricted stock awards. We re-evaluate director compensation on an annual basis based on the compensation of directors by companies in our peer group. In 2009, the directors (other than Mr. Kratz, who is employed by the Company) received an annual director's fee of \$45,000, and \$2,000 per board meeting for attending each of four regularly scheduled quarterly meetings and any special board meetings. Furthermore, each of the outside directors receives an annual committee retainer fee of \$5,000 for each committee on which such director serves and a fee of \$2,000 (\$3,000 for the Chair) for each committee meeting attended. We also pay the reasonable out-of-pocket expenses incurred by each director in connection with attending the meetings of the Board of Directors and any committee thereof.

Since January 1, 2005, non-employee directors have had the option of taking board and committee fees (but not expenses) in the form of restricted stock, pursuant to the terms of the 2005 Long Term Incentive Plan, as amended (the 2005 Plan) for grants after May 10, 2005, or the 1995 Long Term Incentive Plan, as amended (the 1995 Plan) for grants on or before May 10, 2005. An election to take fees in the form of cash or stock is made by a director prior to the beginning of the subject fiscal year. Directors taking fees in the form of restricted stock receive an award for a quarter on the first business day of the next quarter in an amount equal to 125% of the cash equivalent on the last trading day of the fiscal quarter for which the fees are being determined. The award fully vests two years after the first day of the subject fiscal year. For fiscal year 2009, Mr. Duroc-Danner elected to take board fees in the form of restricted stock. During the year ended December 31, 2009, director (other than our employee directors) compensation was \$2,601,088, which was composed of \$633,000 in cash compensation and \$1,968,088 in restricted stock compensation (as described above).

Prior to 2005, each non-employee director received at approximately the time he joined the board, and on each fifth anniversary of service thereafter, options to purchase 44,000 shares of our common stock at an exercise price equal to the fair market value of the common stock on the date of grant. As with our other options, these options vest equally over five years and expire on their tenth anniversary. On December 8, 2005, there was a two-for-one stock split that had the effect of doubling the number of options outstanding while halving the strike price. As of March 27, 2010, options for 88,000 shares were outstanding to each of Messrs. Duroc-Danner and Lovoi; options for 30,000 shares were outstanding to Mr. Ahalt; and options for 52,800 shares were outstanding to Mr. Porter. Neither Mr. Watt, Mr. Transier nor Ms. Quinn had any outstanding options as of March 19, 2010. No options were issued in the year ended December 31, 2009.

In 2005, the board, on the recommendation of the Compensation Committee, voted to change the equity compensation of directors. Currently, on joining the board (and for directors whose stock options are vesting, on the date of the board meeting closest to the anniversary date of such joining) and thereafter on the date of each December board meeting, a director would receive a grant of restricted stock; provided, however, that such grants of restricted stock would not occur until such time as any prior grant of options had fully vested. Accordingly, on February 26, 2009, Ms. Quinn received a grant of 74,074 shares of restricted stock and Mr. Duroc-Danner received a grant of 67,901 shares of restricted stock; on May 13, 2009, Mr. Porter received a grant of 10,974 shares of restricted stock; and on December 7, 2009, Messrs. Ahalt, Duroc-Danner, Lovoi, Porter, Transier and Watt and Ms. Quinn each received a grant of 17,036 shares of restricted stock. All such grants of restricted stock are made pursuant to the terms of the 2005 Plan and vest ratably over five years, subject to immediate vesting on the occurrence of a Change of Control (as defined in the 2005 Plan).

Directors who are also our employees do not receive cash or equity compensation for service on the board in addition to compensation payable for their service as employees of Helix.

**CERTAIN RELATIONSHIPS**

In accordance with our Audit Committee charter, our Audit Committee is responsible for reviewing and approving the terms and conditions of all related party transactions. The Audit Committee has adopted a written statement of policy with respect to related party transactions. It is our written policy to approve and enter into transactions only when the board, acting through the Audit Committee, determines that a transaction with a related party is in, or not inconsistent with, the best interests of the Company or our

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shareholders. The Audit Committee will consider all relevant facts and circumstances available to the Audit Committee to determine whether such related party transaction is in our best interests, including the benefits to us, the impact on a director's independence, the availability of other sources for the product or services, the terms of the transaction and the terms available from unrelated third parties. The policy covers any transaction, arrangement or relationship in which we are a participant and in which a related party has a direct or indirect interest, other than transactions available to all employees generally or transactions involving less than \$5,000. A related party includes any person that served as a senior officer or director in the last fiscal year; and a person that beneficially owns more than 5% of our outstanding voting securities; and a person that is the immediate family member of either of the foregoing or an entity that is controlled by any of the foregoing. Other than the ongoing ordinary course transactions with Weatherford International Ltd. (Weatherford) described below, we did not enter into any financial transactions with any related party during fiscal 2009. If we were to do so in the future, any such material financial transaction would need to be approved by our Audit Committee prior to our Company entering into such transaction.

***Cal Dive International, Inc.***

Subsequent to the initial public offering (IPO) of Cal Dive, from time to time we provided Cal Dive certain management and administrative services including: (i) accounting, treasury, payroll and other financial services; (ii) legal, insurance and claims services; (iii) information systems, network and communication services; (iv) employee benefit services (including direct third-party group insurance costs and 401(k) contribution matching costs discussed below); and (v) corporate facilities management services. Total allocated costs to Cal Dive for such services were \$0.9 million for the period of January 1, 2009 through deconsolidation in June 2009. Total allocated services to Cal Dive totaled approximately \$4.0 million and \$3.6 million for the years ended December 31 2008 and 2007, respectively.

Included in these costs are costs related to the participation by Cal Dive's employees in our employee benefit plans through December 31, 2007, including employee medical insurance and a defined contribution 401(k) retirement plan. These costs were recorded as a component of operating expenses and were approximately \$9.2 million for the year ended December 31, 2007.

In addition, through December 31, 2007, Cal Dive provided to us operational and field support services including: (i) training and quality control services; (ii) marine administration services; (iii) supply chain and base operation services; (iv) environmental, health and safety services; (v) operational facilities management services; and (vi) human resources. Total allocated costs to us for such services were approximately \$3.4 million for the year ended December 31, 2007.

In connection with the IPO of Cal Dive, we entered into intercompany agreements with Cal Dive that address the rights and obligations of each respective company, including a Master Agreement, a Corporate Services Agreement, an Employee Matters Agreement and a Tax Matters Agreement. The Master Agreement describes and provides a framework for the separation of our business from Cal Dive's business, allocates liabilities (including potential liabilities related to litigation) between the parties, allocates responsibilities and provides standards for each of the parties' conduct going forward (e.g., coordination regarding financial reporting), and sets forth the indemnification obligations of each party to the other. In addition, the Master Agreement provides us with a preferential right to use a specified number of Cal Dive's vessels in accordance with the terms of such agreement.

Pursuant to the Corporate Services Agreement, each party agreed to provide specified services to the other party, including administrative and support services for the time period specified therein. Generally once we ceased to own more than 50% of the total voting power of Cal Dive common stock, all services may be terminated by either party upon 60 days notice, but a longer notice period is applicable for selected services. Each of the services was provided in exchange for a monthly charge as calculated for each service (based on relative revenues, number of users for a particular service, or other specified measure). In general, under the Corporate Services Agreement as originally entered into by the parties we provided Cal Dive with services related to the tax, treasury, audit, insurance (including claims) and information technology functions; Cal Dive provided us with services related to the human resources, training and orientation functions, and certain supply chain and environmental, health and safety services. However, the Corporate Services Agreement was amended effective January 1, 2008 and effective January 1, 2009 to reflect that Cal Dive no longer provides us with these functions, and to reflect that we only provide Cal Dive with certain

information technology and insurance services. This Agreement was terminated in August 2009 upon mutual agreement between Cal Dive and us.

Pursuant to the Employee Matters Agreement, except as otherwise provided, Cal Dive generally accepted and assumed all employment related obligations with respect to all individuals who are employees of Cal Dive as of the IPO closing date, including expenses related to existing options and restricted stock. Those employees were entitled to retain their Helix stock options and restricted stock grants under their original terms except as mandated by applicable law. The Employee Matters Agreement also permitted Cal Dive employees to participate in our Employee Stock Purchase Plan for the offering period that ended June 30, 2007,

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and Cal Dive paid us \$1.6 million in July 2007, which was the fair market value of the shares of our stock purchased by such employees.

Pursuant to the Tax Matters Agreement, we are generally responsible for all federal, state, local and foreign income taxes that are attributable to Cal Dive for all tax periods ending on the IPO; Cal Dive is generally responsible for all such taxes beginning after the IPO. In addition, the agreement provides that for a period of up to ten years, Cal Dive is required to make annual payments to us equal to 90% of tax benefits derived by Cal Dive from tax basis adjustments resulting from the Boot gain recognized by us as a result of the distributions made to us as part of the IPO transaction.

***Other***

In April 2000, we acquired a 20% working interest in Gunnison, a Deepwater Gulf of Mexico prospect of Kerr-McGee. Financing for the exploratory costs of approximately \$20 million was provided by an investment partnership (OKCD Investments, Ltd. or OKCD), the investors of which include current and former Helix senior management, in exchange for a revenue interest that is an overriding royalty interest of 25% of our 20% working interest. Production from the Gunnison field commenced in December 2003. We have made payments to OKCD totaling \$11.3 million, \$21.6 million and \$22.1 million in the years ended December 31, 2009, 2008 and 2007, respectively. Our CEO, Mr. Kratz, through Class A limited partnership interests in OKCD, personally owns approximately 80.4% of the partnership. Martin Ferron, our former President and CEO, owns approximately 1.2% of the partnership and A. Wade Pursell, our former Executive Vice President and Chief Financial Officer, owns approximately 0.4% of the partnership. In 2000, OKCD also awarded Class B income participations to key Helix employees.

During 2009, 2008 and 2007, we paid \$3.3 million, \$3.4 million and \$12.3 million, respectively, to Weatherford International Ltd. (Weatherford), an oil and gas industry company, for services provided to us. Mr. Duroc-Danner, a member of our board of directors, is Chairman, President and Chief Executive Officer of Weatherford.

In 2009, we made \$0.2 million in rental payments to Mine Maintenance Management whose partners include two current employees of our wholly owned subsidiary in Australia. We currently lease from Mine Maintenance an office building and a fabrication facility both located in Perth, Australia.

**Audit Committee Pre-Approval Policies and Procedures**

The Audit Committee has adopted procedures for pre-approving certain audit and permissible non-audit services provided by the independent registered public accounting firm. These procedures include reviewing a budget for audit and permissible non-audit services. The budget includes a description of, and a budgeted amount for, particular categories of audit and permissible non-audit services that are recurring in nature and therefore anticipated at the time the budget is submitted. During the year, circumstances may arise such that it becomes necessary to engage the independent registered public accounting firm for services in excess of those contemplated by the budget or for additional services. Audit Committee approval is required to exceed the budget amount for a particular category of audit or permissible non-audit services and to engage the independent registered public accounting firm for any audit or permissible non-audit services not included in the budget. For both types of pre-approval, the Audit Committee considers whether such services are consistent with the SEC rules on auditor independence. The Audit Committee charter includes specific pre-approval procedures with respect to tax related services. The Audit Committee charter delegates pre-approval authority in certain circumstances to the Chairman of the Audit Committee. The Audit Committee periodically monitors the services rendered and actual fees paid to the independent registered public accounting firms to ensure that such services are within the parameters approved by the Audit Committee. None of the fees were for services approved by the Audit Committee pursuant to the *de minimis* exception in paragraph (c)(7)(i)(c) of Rule 2-01 of Regulation S-X.

All fiscal year 2009 professional services by Ernst & Young LLP were pre-approved.

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**REPORT OF THE AUDIT COMMITTEE**

The Company's Audit Committee consisted of four directors: T. William Porter, William L. Transier, John V. Lovoi and Nancy K. Quinn. All members of the Audit Committee have been determined to be independent by the board of directors (as independence is defined in the listing standards of the NYSE and the rules of the SEC). Each member of the Audit Committee satisfies the NYSE requirements for experience and expertise, and the board also has determined that Mr. Transier and Ms. Quinn each is an audit committee financial expert as defined by the SEC. During the fiscal year ended December 31, 2009, the Audit Committee conducted seven meetings.

The primary purpose of the Audit Committee is to assess the information provided by management and our independent registered public accounting firm and to assist the board of directors in fulfilling its oversight responsibility to the shareholders, potential shareholders, the investment community, and others relating to: (1) the integrity of the financial statements of the Company; (2) the compliance by the Company with legal and regulatory requirements; (3) the performance of the Company's internal audit function and independent registered public accounting firm; and (4) the independent registered public accounting firm's qualifications and independence. The Audit Committee's charter, a written charter adopted by the board of directors, describes in greater detail the full responsibilities of the Audit Committee. A copy of the Audit Committee charter is on our website at <http://www.HelixESG.com> or available to any shareholder requesting a copy. The Audit Committee annually reviews and assesses the adequacy of its charter in order to insure early or timely compliance with statutory, regulatory, listing and other requirements applicable to the Company.

Management is responsible for the preparation, presentation and integrity of the financial statements and for the appropriateness of our accounting and financial reporting principles and policies. Management is also responsible for establishing and maintaining the Company's internal controls and procedures, establishing financial reporting processes and controls, evaluating the effectiveness of such controls and procedures and ensuring compliance with laws, regulations and ethical business standards. Our independent registered public accounting firm, Ernst & Young LLP, is responsible for performing an independent audit of the Company's financial statements in accordance with standards of the Public Company Accounting Oversight Board (U.S.) and issuing a report thereon as well as expressing an opinion on the effectiveness of our internal controls over financial reporting. The Audit Committee members are not professional accountants or auditors and their functions are not intended to duplicate or to certify the activities of management and the independent registered public accounting firm. The Audit Committee's responsibility is to monitor and oversee these processes.

The Audit Committee reviewed and discussed the audited financial statements of the Company for the year ended December 31, 2009, with management, and management represented that the financial statements of the Company were prepared in accordance with accounting principles generally accepted in the United States. Management has also represented that they have assessed the effectiveness of the Company's internal controls over financial reporting as of December 31, 2009, and determined that, as of that date, the Company has maintained effective internal control over financial reporting.

In connection with the December 31, 2009 financial statements, the Audit Committee: (1) reviewed and discussed the audited financial statements with management and the independent registered public accounting firm; (2) reviewed with the independent registered public accounting firm the scope and plan of the audit; (3) discussed with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, as amended by SAS No. 90 and as otherwise may be modified or supplemented; (4) discussed with the independent registered public accounting firm that firm's independence from management and the Company and received written disclosures and the letter required by PCAOB Rule 3526, Communication with Audit Committees Concerning Independence, as may be modified or supplemented; and (5) discussed with the independent registered public accounting firm (in executive session outside of the presence of management) the audited financial statements and the evaluation of our system of internal controls.

Based upon these reviews and discussions, the Audit Committee recommended to the Board of Directors, and the Board of Directors approved, that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009 for filing with the SEC.

Submitted by the members of the Audit Committee.

AUDIT COMMITTEE

William L. Transier (Chairman)

John V. Lovoi

T. William Porter

Nancy K. Quinn

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*The information contained in the report above shall not be deemed to be soliciting material or to be filed with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that we specifically incorporate it by reference in such filing.*

**SHARE OWNERSHIP INFORMATION****Five Percent Owners**

The following table sets forth information as to all persons or entities known by us to have beneficial ownership, as of March 19, 2010, of more than 5% of the outstanding shares of our common stock, other than Mr. Kratz's beneficial ownership which is set forth in Management Shareholdings below. As of March 19, 2010, we had 104,478,348 shares outstanding. The information set forth below has been determined in accordance with Rule 13d-3 under the Exchange Act on the basis of the most recent information filed with the SEC and furnished to us by the person listed. To our knowledge, except as otherwise indicated below, all shares shown as beneficially owned are held with sole voting power and sole dispositive power.

| Name and Address  | Shares<br>Beneficially<br>Owned | Percent of<br>Common<br>Shares |
|---|---------------------------------|--------------------------------|
| (1) AXA Assurances I.A.R.D. Mutuelle<br>26, Rue Drouot<br>75009 Paris, France               | 5,334,935 <sup>(1)</sup>        | 5.1%                           |
| (2) BlackRock, Inc.<br>40 East 52 <sup>nd</sup> Street<br>New York, New York 10022          | 10,009,674 <sup>(2)</sup>       | 9.6%                           |
| (3) EARNEST Partners, LLC<br>1180 Peachtree Street NE, Suite 2300<br>Atlanta, Georgia 30309 | 5,798,285 <sup>(3)</sup>        | 5.6%                           |

(1) Based solely on a Schedule 13G filed with the SEC by AXA Assurances I.A.R.D. on February 12, 2010, the number of shares includes shares held by AXA Assurances I.A.R.D. and consists of shares beneficially owned by AXA Assurances Vie Mutuelle, AXA Financial, Inc.,

and AXA. AXA Assurances I.A.R.D. has the sole power to vote and dispose of the 4,037,943 shares of common stock beneficially owned by it and dispositive power over 5,334,935 shares of common stock.

(2) Based solely on a Schedule 13G filed with the SEC by BlackRock, Inc. on January 29, 2010, the number of shares includes shares held by BlackRock, Inc. or Barclays Global Investors, NA. BlackRock has sole power to vote and power to dispose of 10,009,674 shares of our common stock.

(3) Based solely upon a Schedule 13G filed with the SEC by EARNST Partners, LLC on February 9, 2010, EARNST Partners, LLC is a Georgia limited liability

company  
(EARNEST),  
and is the  
beneficial owner  
of 5.6% of our  
outstanding  
common stock.  
EARNEST has  
the sole power  
to vote  
3,391,400  
shares of  
common stock  
beneficially  
owned by it and  
shared power to  
vote 1,033,785  
shares of  
common stock  
beneficially  
owned by it.  
EARNEST has  
the sole power  
to dispose of the  
5,798,285  
shares of  
common stock  
beneficially  
owned by it.

**Table of Contents****Management Shareholdings**

The following table shows the number of shares of our common stock beneficially owned as of March 19, 2010 by our directors and nominees for director and the executive officers identified in the Summary Compensation Table below (named executive officers), and all directors and such executive officers as a group.

The number of shares beneficially owned by each director or executive officer is determined by the rules of the SEC, and the information does not necessarily indicate beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares over which the person or entity has sole or shared voting power or investment power regardless of economic interest, and also any shares that the person or entity can acquire within 60 days of March 19, 2010 through the exercise of stock options or other right. The inclusion in the table below of any shares deemed beneficially owned does not constitute an admission of beneficial ownership of those shares. As of March 19, 2010 there were 104,478,348 shares of common stock outstanding. The address of all executive officers and directors is care of Helix Energy Solutions Group, Inc., 400 North Sam Houston Parkway East, Suite 400, Houston, Texas 77060.

| Name of Beneficial Owner <sup>(1)</sup>                            | Amount and<br>Nature of<br>Beneficial<br>Ownership <sup>(2)</sup> | Of Shares<br>Beneficially<br>Owned, Amount<br>that may<br>be Acquired<br>Within 60 Days<br>by Option Exercise | Percentage of<br>Common<br>Stock<br>Outstanding |
|--|---|---|---|
| Owen Kratz <sup>(3)</sup>  | 5,546,253   | 13,400  | 5.3%  |
| Bart H. Heijermans <sup>(4)</sup>                                  | 210,906   | -0-   | *   |
| Robert Murphy <sup>(5)</sup>                                       | 131,467   | -0-   | *   |
| Anthony Tripodo <sup>(6)</sup>                                     | 210,366   | 51,000  | *   |
| Alisa B. Johnson <sup>(7)</sup>                                    | 108,291   | -0-   | *   |
| Gordon F. Ahalt <sup>(8)</sup>                                     | 117,561   | 30,000  | *   |
| Bernard Duroc-Danner <sup>(9)</sup>                                | 189,465   | 88,000  | *   |
| John V. Lovoi <sup>(10)</sup>                                      | 156,837   | 88,000  | *   |
| T. William Porter <sup>(11)</sup>                                  | 63,210  | 52,800  | *   |
| Nancy K. Quinn <sup>(12)</sup>                                     | 93,110  | -0-   | *   |
| William L. Transier <sup>(13)</sup>                                | 83,858  | -0-   | *   |
| James A. Watt <sup>(14)</sup>                                      | 71,115  | -0-   | *   |
| All named executive officers and directors as a group (12 persons) | 6,982,439   | 323,200   | 6.7%  |

\* Indicates ownership of less than 1% of the outstanding shares of our common stock.

(1) The persons named in the table have sole voting and investment

power with respect to all shares shown as beneficially owned by them except as may be otherwise indicated in a footnote.

- (2) Amounts include the shares shown in the next adjacent column, which are not currently outstanding but are deemed beneficially owned because of the right to acquire them pursuant to options exercisable within 60 days of March 19, 2010 (*i.e.*, on or before May 18, 2010).
- (3) Mr. Kratz disclaims beneficial ownership of 1,000,000 shares included in the above table, which are held by Joss Investments Limited Partnership, an entity of which he is a General Partner. Amount also includes restricted stock awards: (i) in the amount of

44,250 shares  
awarded on  
January 3, 2006  
which vest 20%  
on each of  
January 3, 2007,  
2008, 2009,  
2010 and 2011;  
(ii) in the  
amount of  
89,576 shares  
awarded on  
January 2, 2007  
which vest 20%  
on January 2,  
2008, 2009,  
2010, 2011 and  
2012; (iii) in the  
amount of  
72,289 shares  
awarded on  
January 2, 2008  
which vest 20%  
on each of  
January 2, 2009,  
2010, 2011,  
2012 and 2013;  
(iv) in the  
amount of  
72,289 shares  
awarded on  
January 2, 2009  
which vest 20%  
on each of  
January 2, 2010,  
2011, 2012,  
2013 and 2014;  
and (v) in the  
amount of  
101,012 shares  
awarded on  
January 4, 2010  
which vest 20%  
on each of  
January 4, 2011,  
2012, 2013,  
2014 and 2015.

- (4) Amount  
includes  
restricted stock

awards (i) in the amount of 13,600 shares awarded on January 3, 2006 which vest 20% on each of January 3, 2007, 2008, 2009, 2010 and 2011;  
(ii) in the amount of 39,082 shares awarded on January 2, 2007 which vest 20% on each of January 2, 2008, 2009, 2010, 2011 and 2012;  
(iii) in the amount of 48,193 shares awarded on January 2,

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2008 which vest 20% on each of January 2, 2009, 2010, 2011, 2012 and 2013; and (iv) in the amount of 48,193 shares awarded on January 2, 2009 which vest 20% on each of January 2, 2010, 2011, 2012, 2013 and 2014; and (v) in the amount of 50,506 shares awarded on January 4, 2010 which vest 20% on each of January 4, 2011, 2012, 2013, 2014 and 2015.

- (5) Mr. Murphy resigned as an executive officer of the Company effective March 7, 2010. Pursuant to the terms of his Separation and Release Agreement 69,023 shares of restricted stock vested on March 16, 2010. All other unvested shares of restricted stock outstanding as of March 16, 2010 were

forfeited by  
Mr. Murphy.

- (6) Amount includes restricted stock awards (i) in the amount of 70,500 shares awarded June 25, 2008 which vest 20% on June 25, 2009, 2010, 2011, 2012 and 2013; (ii) in the amount of 31,325 shares awarded January 2, 2009 which vest 20% on January 2, 2010, 2011, 2012, 2013 and 2014; and (iii) in the amount of 43,767 shares awarded on January 4, 2010 which vest 20% on each of January 4, 2011, 2012, 2013, 2014 and 2015.
- (7) Amount includes restricted stock awards (i) in the amount of 19,117 shares awarded September 18, 2006 which will vest 20% on September 18, 2007, 2008, 2009, 2010 and 2011; (ii) in the amount of 7,007

shares awarded  
January 2, 2007  
which will vest  
20% on January  
2, 2008, 2009,  
2010, 2011 and  
2012; (iii) in the  
amount of  
22,892 shares  
awarded  
January 2, 2008  
which will vest  
20% on  
January 2, 2009,  
2010, 2011,  
2012 and 2013;  
(iv) in the  
amount of  
22,892 shares  
awarded  
January 2, 2009  
which will vest  
20% on  
January 2, 2010,  
2011, 2012,  
2013 and 2014;  
and (v) in the  
amount of  
35,350 shares  
awarded on  
January 4, 2010  
which vest 20%  
on each of  
January 4, 2011,  
2012, 2013,  
2014 and 2015.

- (8) Amount  
includes  
restricted stock  
awards (i) in the  
amount of 5,642  
shares awarded  
on December 7,  
2006 which vest  
20% on each of  
December 7,  
2007, 2008,  
2009, 2010 and  
2011; (ii) in the  
amount of 4,797

shares awarded on December 7, 2007 which will vest 20% on each of December 7, 2008, 2009, 2010, 2011 and 2012; (iii) in the amount of 29,586 awarded on December 11, 2008 which will vest 20% on December 11, 2009, 2010, 2011, 2012 and 2013; and (iv) in the amount of 17,036 shares awarded on December 7, 2009 which vest 20% on each of December 7, 2010, 2011, 2012, 2013 and 2014.

- (9) Amount includes restricted stock awards (i) in the amount of 1,985 awarded on January 2, 2009 which will vest on January 1, 2011; and (ii) in the amount of 67,901 awarded on February 26, 2009 which will vest 20% on February 26, 2010, 2011, 2012, 2013 and 2014; (iii) in the amount of 4,195 awarded on

April 1, 2009  
which will vest  
on January 1,  
2011; (iv) in the  
amount of 1,754  
awarded on  
July 1, 2009  
which vest on  
January 1, 2011;  
(v) in the  
amount of 939  
awarded on  
October 1, 2009  
which vest on  
January 1, 2011;  
(vi) in the  
amount of  
17,036 shares  
awarded on  
December 7,  
2009 which vest  
20% on each of  
December 7,  
2010, 2011,  
2012, 2013 and  
2014; and  
(vii) in the  
amount of 1,197  
awarded on  
January 4, 2010  
which vest on  
January 1, 2012.

- (10) Amount  
includes  
restricted stock  
awards (i) in the  
amount of 5,537  
shares awarded  
February 28,  
2008 which vest  
20% on each of  
February 28,  
2009, 2010,  
2011, 2012 and  
2013; (ii) in the  
amount of  
29,586 awarded  
on  
December 11,  
2008 which will

vest 20% on December 11, 2009, 2010, 2011, 2012 and 2013; (iii) in the amount of 4,316 awarded on January 2, 2009 which will vest on January 1, 2011; and (iv) in the amount of 17,036 shares awarded on December 7, 2009 which vest 20% on each of December 7, 2010, 2011, 2012, 2013 and 2014.

- (11) Amount includes restricted stock awards (i) in the amount of 10,974 shares awarded on May 13, 2009 which vest 20% on each of May 13, 2010, 2011, 2012, 2013 and 2014; and (ii) in the amount of 17,036 shares awarded on December 7, 2009 which vest 20% on each of December 7, 2010, 2011, 2012, 2013 and 2014.

- (12) Amount includes restricted stock awards (i) in the

amount of  
74,074 shares  
awarded on  
February 26,  
2009 which will  
vest 20% on  
February 26,  
2010, 2011,  
2012, 2013 and  
2014; and (ii) in  
the amount of  
17,036 shares  
awarded on  
December 7,  
2009 which vest  
20% on each of  
December 7,  
2010, 2011,  
2012, 2013 and  
2014.

- (13) Amount  
includes  
restricted stock  
awards (i) in the  
amount of 5,000  
shares awarded  
on  
December 13,  
2005 which vest  
20% on each of  
December 13,  
2006, 2007,  
2008, 2009 and  
2010; (ii) in the  
amount of 5,642  
shares awarded  
on December 7,  
2006 which vest  
20% on each of  
December 7,  
2007, 2008,  
2009, 2010 and  
2011; (iii) in the  
amount of 4,797  
shares awarded  
on December 7,  
2007 which vest  
20% on each of  
December 7,  
2008, 2009,

2010, 2011 and 2012; (iv) in the amount of 29,586 awarded on December 11, 2008 which will vest 20% on December 11, 2009, 2010, 2011, 2012 and 2013; (v) in the amount of 4,316 awarded on January 2, 2009 which will vest on January 1, 2011 and (vi) in the amount of 17,036 shares awarded on December 7, 2009 which vest 20% on each of December 7, 2010, 2011, 2012, 2013 and 2014.

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(14) Amount includes 130 shares held as custodian for Mr. Watts son. Amount also includes restricted stock award (i) in the amount of 12,390 shares awarded on July 1, 2006 which vest 20% on each of July 1, 2007, 2008, 2009, 2010 and 2011; (ii) in the amount of 4,797 shares awarded on December 7, 2007 which vest 20% on each of December 7, 2008, 2009, 2010, 2011 and 2012; (iii) in the amount of 29,586 awarded on December 11, 2008 which will vest 20% on December 11, 2009, 2010, 2011, 2012 and 2013 and (iv) in the amount of 17,036 shares awarded on December 7, 2009 which vest 20% on each of December 7, 2010, 2011, 2012, 2013 and 2014.

**Section 16(a) Beneficial Ownership Reporting Compliance.**

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers and persons who own more than ten percent of a registered class of our equity securities, or reporting person, to file with the Securities and Exchange Commission initial reports of ownership and report changes in ownership of the Company's common stock. Reporting persons are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file. Based solely on a review of the copies of these reports furnished to the Company, we believe that all reports required to be filed by reporting persons pursuant to Section 16(a) of the Exchange Act were filed for the year ended December 31, 2009 on a timely basis.

#### EQUITY COMPENSATION PLAN INFORMATION

The table below provides information relating to the Company's equity compensation plans as of December 31, 2009:

| <b>Plan Category</b>  | <b>Number of Securities to Be Issued upon Exercise of Outstanding Options, Warrants and Rights<sup>(3)</sup></b> | <b>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights</b> | <b>Number of Securities Remaining Available for Future Issuance under Compensation Plans<sup>(4)</sup></b> |
|---|--|--|--|
| Equity compensation plans approved by security holders <sup>(1)</sup>     | -0-  | -0-  | 3,322,285 <sup>(4)(5)</sup>  |
| Equity compensation plans not approved by security holders <sup>(2)</sup> | 501,318  | \$ 10.63   | 631,115  |
| Total   | 501,318  | \$ 10.63   | 3,953,400  |

(1) The 2005 Plan, which was approved by our shareholders at our 2005 annual meeting, provides that the Company may grant up to 6,000,000 shares of our common stock in the form of 2,000,000 options and up to 4,000,000 shares of restricted stock or restricted stock units subject to the terms and conditions of

the 2005 Plan.

- (2) The 1995 Plan was approved in 1995 at a meeting of the Compensation Committee. Under the 1995 Plan, a maximum of 10% of the total shares of common stock issued and outstanding may be granted to key executives and selected employees and non-employee members of the Board of Directors in the form of stock options, stock appreciation right or stock awards. Following the approval by shareholders of the 2005 Plan on May 10, 2005, no further grants have been or will be made under the 1995 Plan.
- (3) As of December 31, 2009, there were 8,343,798 options, and 193,166 shares of restricted stock, granted under the 1995 Plan and 2,684,011

shares of  
restricted stock  
granted under  
the 2005 Plan.

- (4) Between December 31, 2009 and the record date, March 19, 2010, no new options were issued and 456,739 shares of restricted stock were awarded pursuant to the 2005 Plan. As of March 19, 2009, the Company had 631,115 shares available under the 1995 Plan and 2,000,000 options and 1,322,285 shares of restricted stock available under the 2005 Plan.
- (5) This number reflects only securities available for issuance under the 2005 Plan. The Company has additional securities available under the 1995 Plan as discussed in note 4 above.

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**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

No member of the Compensation Committee of our board was, during fiscal year 2009, an officer or employee of the Company or any of its subsidiaries, or was formerly an officer of the Company or any of its subsidiaries, or had any relationships requiring disclosure by the Company under Item 404 of Regulation S-K under the Exchange Act.

During 2009, no executive officer of the Company served as (i) a member of the compensation committee (or other board committee performing equivalent functions) of another entity, one or more of whose executive officers served on the Compensation Committee of our board, (ii) a director of another entity, one or more of whose executive officers served on the Compensation Committee, or (iii) a member of the compensation committee (or other board committee performing equivalent functions) of another entity, one or more of whose executive officers served as a member of our board.

**COMPENSATION DISCUSSION AND ANALYSIS**

This Compensation Discussion and Analysis (CD&A) is intended to provide our shareholders with a description of the material elements of our compensation program for our executive officers for the year 2009 including our named executive officers listed in the summary compensation table below, or named executive officers, and the policies and objectives that support that program. Mr. Murphy, a named executive officer, resigned as an executive officer effective March 7, 2010. In connection with his resignation, Mr. Murphy entered into a Separation and Release Agreement that provides the terms and conditions for all payments, vesting of equity and cash awards and all other compensation related matters.

**Compensation Philosophy and Objectives**

Our business model, which includes both a marine contracting services segment and an oil and gas exploration and development segment, is very complex and requires highly qualified and technically proficient executive officers. In addition, we rely on our executive officers to develop and execute our business strategy in a way that maximizes value for our shareholders through the market and business fluctuations of a cyclical industry. Our compensation philosophy reflects the realities of the competitive market in which we operate and the characteristics of our business environment. The Compensation Committee and management believe that our compensation programs are balanced and reasonable and help us attract, retain and motivate qualified and technically proficient employees through a range of business cycles. Helix has always taken a long-term view, and as a result, we use judgment and discretion rather than rely solely on formulaic results to determine compensation. Our compensation program is designed to create a positive environment in which the employees, including the named executive officers, are enthusiastic about our business, strategic objectives, core values and culture, and are working toward our long-term success. We have a strong pay-for-performance culture that runs through the whole Company but starts at the top with the named executive officers. For our executive officers, we attempt to reward sustained performance over time by emphasizing long-term incentive awards, including both a cash component and an equity component. Although we strive to maintain consistency in our compensation philosophy and approach, our compensation elements are designed and operate to limit certain components of compensation during periods of economic stress, reduced earnings and significantly lower stock prices.

Currently, we have six executive officers. These executive officers have the broadest set of responsibilities, duties and policy-making authority in the Company. We hold them responsible for our performance, for implementing our strategic objectives and for fostering and maintaining a culture of strong core values and ethics. Details of compensation for our CEO, Chief Financial Officer, and three other highest paid executive officers can be found in the tables beginning on page 37.

*Executive Compensation Policy*

While the amount of compensation may be different, each of the components of an executive officer's compensation package is the same and is applied using broadly the same methodology, which is described below. In 2009, our executive compensation program consisted of a base salary, a cash bonus, a long-term incentive cash opportunity award and a long-term incentive equity award. All elements of the compensation program are designed upon the following principles:

We pay for performance and compensate to reflect performance of the executive, the group for which an executive is responsible, and our business in general;

We pay competitively in terms of type and amount of compensation as compared to other companies in our industry (as discussed below);

We compensate based upon the responsibilities, complexity and difficulty of an executive's position;

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A substantial portion of each executive's total compensation should be variable or at risk ;

Because of the cyclical nature of our industry and other factors related to an executive officer's overall performance, the short-term incentive bonus compensation should not be based on formulas or pre-set thresholds but should be based on the discretion of the Compensation Committee;

The compensation program should incentivize executive officers to remain with us over the long-term;

Components of compensation should be tied to increasing shareholder value;

The compensation program should incentivize executive officers to execute our business plan and our financial objectives consistent with our long-term strategy and should balance rewards for short-term and long-term performance; and

Annual performance that reflects the execution of our stated strategy should be rewarded.

*Key Considerations in Determining Executive Compensation for 2009*

The Compensation Committee applies the principles listed above to determine the compensation of each executive officer. The Compensation Committee considered the following information in evaluating the compensation program for 2009 and the compensation of each individual executive officer:

Marketplace compensation levels for each position provided by the independent compensation consultant retained by the Compensation Committee based on compensation data derived from the proxy statements of oilfield industry peers (our peer group );

The current roles and responsibilities of the current executive officers;

Current and historic information related to the performance of the Company and each of its segments;

Information regarding the compensation, performance, responsibilities, difficulties and complexities related to each executive officer's role in our Company relative to the other executive officers; and

Recommendations of our CEO, with respect to the base salary, cash bonus target long-term incentive cash opportunity awards and equity grant of each executive officer, including each named executive officer.

The Compensation Committee focuses much of its time on the CEO and other senior executive compensation to assure that such compensation reflects operating and financial performance. In 2009, the Company faced one of the most challenging environments in its history. As more fully described in the Management's Discussion and Analysis of Financial Condition and Results of Operation section of our 2009 Annual Report, the global recession and difficult business environment resulted in reduced commodity prices for oil and natural gas, reduced exploration and production budgets and lower spending on our services by our customers. The CEO and senior executive officers responded to the rapidly deteriorating economic condition by: (i) focusing and shaping the future direction of the Company around our deepwater construction and well intervention services; (ii) seeking and executing the strategic divestiture of certain non-core assets; and (iii) diligently working to improve the Company's balance sheet, reduce debt and maximize our financial flexibility. The Compensation Committee considered the Company's performance in achieving these goals in determining executive compensation.

Except for the long-term cash opportunity awards, the main elements and goals of our executive compensation program did not change from 2008 to 2009. However, the Compensation Committee faced the challenge of achieving the right mix and level of compensation to retain and motivate executives through the difficult business conditions we experienced in 2009. Except for the payout with respect to the cash opportunity awards which depends on achieving specific quantitative performance objectives, the Compensation Committee does not use formulas in determining the amount and mix of compensation. Thus, the Compensation Committee evaluates a broad range of both quantitative

and qualitative factors including delivering on financial targets, performance in the context of the economic environment and our objectives, a track record of integrity and good judgment, and expected future contribution to our results.

*Summary of Actions taken by the Compensation Committee in 2009*

The Compensation Committee took the following actions for 2009:

Annual base salary increases were not awarded to any of the named executive officers in January 2009:

The value of the long-term incentive compensation award for each named executive officer was the same as in January 2008;

The number of shares of restricted stock awarded to each executive officer was equal to the number granted to such officer in 2008;

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Adopted the 2009 Long-Term Incentive Cash Plan (the 2009 Cash Incentive Plan); and

In light of freezing other elements of compensation generally, determined bonus target amounts for 2009 in order to achieve total compensation for each named executive officer of approximately 75% of the peer group data (as discussed below).

**Compensation Program Overview**

*Role of the Compensation Committee*

The Compensation Committee assists the board in fulfilling its responsibilities for determining the total compensation packages offered to our executive officers and administers our compensation program. Specifically, the Compensation Committee is responsible for establishing the compensation policies and administering the compensation programs for our executive officers, for administering the grant of cash-based incentive awards for our executive officers under our 2009 Cash Incentive Plan and for administering the grant of equity-based incentive awards under our 2005 Plan. The Compensation Committee's charter (i) empowers the Compensation Committee to review, evaluate and approve our executive officer compensation agreements, plans, policies and programs, (ii) delegates to the Compensation Committee all authority of the board required or appropriate to fulfill such purpose, and (iii) grants to the Compensation Committee the sole authority to retain and terminate any independent compensation consultant. No Compensation Committee member participates in any of our compensation programs, except for receiving grants of equity-based awards normally awarded to our directors under our 2005 Plan.

*Consideration of Risk*

Our compensation programs are discretionary, balanced and focused on the long term. Under this structure, the highest amount of compensation can be achieved through consistent superior performance over sustained periods of time. In addition, significant amounts of compensation are usually paid out over time. This provides incentives to manage the Company for the long term, while avoiding excessive risk-taking in the short term. Goals and objectives reflect a balanced mix of quantitative and qualitative performance measures to avoid excessive weight on a single performance measure. Likewise, the elements of compensation are balanced among cash payments, cash bonus, long-term cash opportunity awards and long-term equity incentive awards. We have also determined that our current form of long-term incentive compensation (restricted stock and long-term cash opportunity) is more appropriate than stock options to encourage management to take only the appropriate level of risk in order to create sustained shareholder value over the long-term. The Compensation Committee retains a large amount of discretion to adjust compensation for quality of performance and adherence to Company values.

*Role of the Compensation Consultant*

For each year, including 2009, the Compensation Committee compares our total compensation for each position occupied by our executive officers to the compensation paid by companies in our peer group for similar positions. The Compensation Committee's independent consultant proposes companies to be included in the peer group and management annually reviews such proposal to ensure that the most appropriate companies are included therein. The Compensation Committee then reviews and approves the members of the peer group as it deems appropriate. The report of the compensation consultant with respect to 2009 compensation included proxy information on executive officer compensation programs of fifteen oil and gas companies or energy services companies of similar size which we consider our peer group companies. For fiscal 2009, the peer group for executive officer compensation consisted of the following companies:

BJ Services Company  
 FMC Technologies, Inc.  
 Mariner Energy Inc.  
 Oceaneering International Inc.  
 Petrofac Limited  
 Pride International, Inc.  
 Superior Energy Services, Inc.  
 W&T Offshore, Inc.

Cameron International Corp.  
 Global Industries Ltd.  
 McDermott International Inc.  
 Oil States International, Inc.  
 Pioneer Natural Resources Company  
 Rowan Companies Inc.  
 Tetra Technologies Inc.

We believe these companies were appropriate for the purpose of our targeted compensation comparison for 2009 because such companies were our direct competitors or were companies that are likely competition for executive talent, their executive officers

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often have similar positions to or responsibilities of the positions held by our executive officers, each of the companies was of a comparable size to us, and each such company is within our same general industry.

As a result of the lack of proxy data for Lloyd Hajdik, who at the time was Senior Vice President- Finance and Chief Accounting Officer, the Compensation Committee was also provided with data from Hewitt Consulting's energy industry compensation database containing survey information (survey data) for this position. The survey data is for executive officers with similar positions with roles and responsibilities similar to those of Mr. Hajdik. The data used for compensation reference point purposes with respect to Mr. Hajdik's compensation is the survey data.

The data derived from the proxy peer group is the data used for compensation reference point purposes (other than with respect to Mr. Hajdik). With this information, the Compensation Committee reviews and analyzes compensation for each executive officer and makes adjustments as it deems appropriate in its discretion. As a general rule, annual base salary is compared to the 50<sup>th</sup> percentile (mid-point) of the range of annual cash base salary paid by our industry peers. The annual cash bonus award target and the equity-based incentive award for each executive officer were compared to the range of such compensation paid by our industry peers. The total compensation of our executive officers was compared to the 75<sup>th</sup> percentile of the range of total compensation paid by our industry peers to provide an incentive to our executive officers, including the named executive officers, to achieve a level of performance comparable to the top performing companies within our industry and also to attract and retain highly talented individuals.

Pursuant to the authority granted to the Compensation Committee pursuant to its charter, the Compensation Committee engages independent compensation consultants to assist the committee in this process. In 2008, the Compensation Committee retained the services of Hewitt Consulting, an independent consultant that specializes in executive compensation matters. Hewitt Consulting reported to, and acted at the direction of, the Compensation Committee. Helix management worked closely with Hewitt Consulting, however, the Compensation Committee retained ultimate control and authority over Hewitt. For 2009, Hewitt Consulting provided survey database (with respect to the Chief Accounting Officer) and proxy peer data on total compensation with respect to the 25<sup>th</sup> percentile, market median (50<sup>th</sup> percentile), and 75<sup>th</sup> percentile of the market based on such officer's position and pay rank. This data was presented to management and the Compensation Committee for its review and analysis in advance of the December 2008 meeting. The survey results and proxy data, as applicable, were taken into consideration by the CEO in determining his recommendations regarding base salary, cash bonus target and long-term incentive compensation for each of the executive officers and by the Compensation Committee. The CEO examined the survey and proxy peer data, as applicable, provided by the compensation consultant and made suggestions to the Compensation Committee for each of the executive officers with respect to 2009 base salary, bonus target, and long-term incentive compensation, as he deemed appropriate considering each of the executive officer's area of responsibility and performance and the performance of the Company during 2009. The Compensation Committee then determined an appropriate base salary, bonus target and incentive compensation for each executive officer considering any factors the Compensation Committee deemed appropriate in its discretion.

From time to time the compensation consultant provides additional services and advice to the Compensation Committee including reviewing and advising regarding the terms of employment agreements, advising on the structure and award levels of non-equity based incentive compensation for executive officers, advising with respect to structuring the fees paid to our independent directors as well as equity compensation awarded to our independent directors and providing such other information or advice regarding such other issues as may be requested by the committee.

*Role of the Chief Executive Officer*

As discussed above, during December 2008, our President and CEO provided recommendations to the Compensation Committee with respect to the 2009 compensation consisting of base salary, incentive compensation (including the cash opportunity and equity awards) and cash bonus target, for each executive officer. For 2009, due to the difficult economic times at the end of 2008 and financial challenges facing the Company, the CEO recommended that base salaries and incentive compensation, with the exception of Mr. Hajdik, remain the same as 2008 levels, and any additional compensation necessary to achieve the desired over-all level of compensation was reflected in the bonus target for the 2009 service year. Mr. Hajdik's compensation increased primarily due to an increase in his job

responsibilities and the increased complexity of his position.

While the Compensation Committee considered the recommendations of the CEO with respect to the various elements of compensation for each executive officer, the Compensation Committee retains complete discretion over all decisions regarding compensation for our executive officers, including the CEO. We believe that the CEO's input and recommendations are an important part of the Compensation Committee's decision-making process because he is familiar with both the business objectives and each officer's contributions to the attainment of those objectives. As the highest ranking officer involved in the management of the

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Company, the CEO is in the best position to assess the performance of the Company, the business unit or group, and each individual executive officer, and, as a result, the CEO may make recommendations regarding the compensation of all executive officers, including himself, based on any factors he deemed relevant; however, the Compensation Committee makes its determinations of all executive officer compensation in its complete discretion. The Compensation Committee independently evaluated the recommendations of the CEO and made all final compensation decisions. The Compensation Committee decided the base salary, bonus targets and long-term incentive award for each of the executive officers, including the CEO, in executive session.

**Elements of our 2009 Compensation Program**

*Overview*

During fiscal 2009, the primary elements of compensation earned by each of our executive officers, including our named executive officers, consisted of:

base salary;

a short term incentive cash bonus;

long-term incentive compensation, in the form of a cash opportunity award; and

long-term incentive compensation, in the form of equity awards.

We use each element of compensation to satisfy one or more of our stated compensation objectives. For purposes of this discussion, total compensation includes the total cash compensation (base salary plus cash bonus) plus long-term incentive awards (cash opportunity award and equity award). The committee's goal is to achieve the appropriate balance between immediate cash rewards and long-term financial incentives for the achievement of both annual and long-term financial goals. To ensure appropriate linkage between our objectives and compensation levels, we periodically review the goals and the levels of each element of compensation.

Typically, the Compensation Committee reviews and approves each element of compensation separately, and, if necessary, makes adjustments to individual elements of compensation to achieve total targeted compensation that is competitive with our peer group at the desired levels and that is deemed appropriate by the Compensation Committee.

*Base Salary Determination*

In establishing base salaries for executive officers, including the named executive officers, the Compensation Committee considers a number of factors including the executive's job responsibilities, individual achievements and contributions, level of experience and personal compensation history. Base salary is set for our named executive officers at the regularly scheduled December meeting of our Compensation Committee, to be effective beginning on the first day of the next calendar year. It is not our policy to pay executive officers a base salary at the highest level relative to their peers, but rather generally to set their base salaries at a level comparable to the 50<sup>th</sup> percentile of the market. We believe that this, together with the other elements of our compensation program, provides appropriate compensation to each of our executive officers depending on his or her position, and gives us the opportunity to attract and retain talented managerial employees at the executive level.

After reviewing the peer group or the survey data, as applicable, the Compensation Committee exercises its discretion and determines a base salary for each executive officer. In light of the turbulent economic environment that existed when the Compensation Committee approved the 2009 compensation program for executive officers and the challenges facing the Company, management did not recommend salary increases for the executive officers other than Mr. Hajdik (as a result of significant increase in his responsibilities and the scope of his duties). Set forth below are the actual base salary of the named executive officer, and the target bonus for and the actual bonus of the named executive officer.

*Cash Bonus Program*

The annual incentive compensation plan includes a cash bonus designed to reward our employees, including our executive officers, for the achievement of certain goals in a given year. The bonus target for each executive officer is established in either the December meeting of the Compensation Committee in the prior year or during the committee's first meeting of the applicable year. In Febru