UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2019

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from__________ to__________

Commission File Number: 001-32936

HELIX ENERGY SOLUTIONS GROUP INC
(Exact name of registrant as specified in its charter)

Minnesota	**95-3409686**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
3505 West Sam Houston Parkway North	
Suite 400	
Houston Texas	**77043**
(Address of principal executive offices)	*(Zip Code)*

(281) 618–0400
(Registrant's telephone number, including area code)

NOT APPLICABLE
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	HLX	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☑ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☑ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐	Smaller reporting company ☐	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☑ No

As of July 22, 2019, 148,767,307 shares of common stock were outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

HELIX ENERGY SOLUTIONS GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	June 30, 2019	December 31, 2018
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 261,142	$ 279,459
Accounts receivable:		
Trade, net of allowance for uncollectible accounts of $0	79,916	67,932
Unbilled and other	71,115	51,943
Other current assets	77,764	51,594
Total current assets	489,937	450,928
Property and equipment	2,805,043	2,785,778
Less accumulated depreciation	(1,000,679)	(959,033)
Property and equipment, net	1,804,364	1,826,745
Operating lease right-of-use assets	227,213	—
Other assets, net	98,708	70,057
Total assets	$ 2,620,222	$ 2,347,730
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 76,536	$ 54,813
Accrued liabilities	84,611	85,594
Income tax payable	—	3,829
Current maturities of long-term debt	117,033	47,252
Current operating lease liabilities	54,449	—
Total current liabilities	332,629	191,488
Long-term debt	307,455	393,063
Operating lease liabilities	178,731	—
Deferred tax liabilities	108,344	105,862
Other non-current liabilities	41,284	39,538
Total liabilities	968,443	729,951
Redeemable noncontrolling interests	3,383	—
Shareholders’ equity:		
Common stock, no par, 240,000 shares authorized, 148,759 and 148,203 shares issued, respectively	1,314,163	1,308,709
Retained earnings	405,748	383,034
Accumulated other comprehensive loss	(71,515)	(73,964)
Total shareholders’ equity	1,648,396	1,617,779
Total liabilities, redeemable noncontrolling interests and shareholders’ equity	$ 2,620,222	$ 2,347,730

The accompanying notes are an integral part of these condensed consolidated financial statements.

HELIX ENERGY SOLUTIONS GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	**2018**	**2019**	**2018**
Net revenues	$ 201,728	$ 204,625	$ 368,551	$ 368,887
Cost of sales	161,794	161,728	312,363	313,007
Gross profit	39,934	42,897	56,188	55,880
Selling, general and administrative expenses	(16,862)	(18,125)	(32,847)	(32,224)
Income from operations	23,072	24,772	23,341	23,656
Equity in losses of investment	(29)	(135)	(69)	(271)
Net interest expense	(2,205)	(3,599)	(4,303)	(7,495)
Loss on extinguishment of long-term debt	(18)	(76)	(18)	(1,181)
Other expense, net	(1,311)	(3,441)	(145)	(2,516)
Royalty income and other	190	561	2,535	3,416
Income before income taxes	19,699	18,082	21,341	15,609
Income tax provision	2,876	298	3,200	385
Net income	16,823	17,784	18,141	15,224
Net loss attributable to redeemable noncontrolling interests	(31)	—	(31)	—
Net income attributable to common shareholders	$ 16,854	$ 17,784	$ 18,172	$ 15,224
Earnings per share of common stock:				
Basic	$ 0.11	$ 0.12	$ 0.12	$ 0.10
Diluted	$ 0.11	$ 0.12	$ 0.12	$ 0.10
Weighted average common shares outstanding:				
Basic	147,521	146,683	147,471	146,668
Diluted	148,101	146,724	147,931	146,668

The accompanying notes are an integral part of these condensed consolidated financial statements.

HELIX ENERGY SOLUTIONS GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net income	$ 16,823	$ 17,784	$ 18,141	$ 15,224
Other comprehensive income (loss), net of tax:				
Net unrealized gain (loss) on hedges arising during the period	(278)	(1,226)	(427)	927
Reclassifications to net income	1,975	1,807	3,821	3,434
Income taxes on hedges	(340)	(126)	(682)	(941)
Net change in hedges, net of tax	1,357	455	2,712	3,420
Unrealized loss on note receivable arising during the period	—	—	—	(629)
Income taxes on note receivable	—	—	—	132
Unrealized loss on note receivable, net of tax	—	—	—	(497)
Foreign currency translation loss	(3,065)	(7,547)	(263)	(2,856)
Other comprehensive income (loss), net of tax	(1,708)	(7,092)	2,449	67
Comprehensive income	15,115	10,692	20,590	15,291
Comprehensive loss attributable to redeemable noncontrolling interests	(31)	—	(31)	—
Comprehensive income attributable to common shareholders	$ 15,146	$ 10,692	$ 20,621	$ 15,291

The accompanying notes are an integral part of these condensed consolidated financial statements.

HELIX ENERGY SOLUTIONS GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(UNAUDITED)
(in thousands)

	Common Stock					
	Shares	Amount	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity	Redeemable Noncontrolling Interests
Balance, March 31, 2019	148,785	$ 1,310,738	$ 388,912	$ (69,807)	$ 1,629,843	$ —
Net income (loss)	—	—	16,854	—	16,854	(31)
Foreign currency translation adjustments	—	—	—	(3,065)	(3,065)	—
Unrealized gain on hedges, net of tax	—	—	—	1,357	1,357	—
Issuance of redeemable noncontrolling interests	—	—	—	—	—	3,396
Accretion of redeemable noncontrolling interests	—	—	(18)	—	(18)	18
Activity in company stock plans, net and other	(26)	(320)	—	—	(320)	—
Share-based compensation	—	3,745	—	—	3,745	—
Balance, June 30, 2019	148,759	$ 1,314,163	$ 405,748	$ (71,515)	$ 1,648,396	$ 3,383

	Common Stock					
	Shares	Amount	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity	Redeemable Noncontrolling Interests
Balance, March 31, 2018	148,080	$ 1,301,299	$ 351,876	$ (64,157)	$ 1,589,018	$ —
Net income	—	—	17,784	—	17,784	—
Foreign currency translation adjustments	—	—	—	(7,547)	(7,547)	—
Unrealized gain on hedges, net of tax	—	—	—	455	455	—
Equity component of debt discount on convertible senior notes	—	(11)	—	—	(11)	—
Activity in company stock plans, net and other	27	211	—	—	211	—
Share-based compensation	—	2,484	—	—	2,484	—
Balance, June 30, 2018	148,107	$ 1,303,984	$ 369,659	$ (71,249)	$ 1,602,394	$ —

The accompanying notes are an integral part of these condensed consolidated financial statements.

HELIX ENERGY SOLUTIONS GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(UNAUDITED)
(in thousands)

	Common Stock		Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity	Redeemable Noncontrolling Interests
	Shares	Amount				
Balance, December 31, 2018	148,203	$ 1,308,709	$ 383,034	$ (73,964)	$ 1,617,779	$ —
Net income (loss)	—	—	18,172	—	18,172	(31)
Reclassification of deferred gain from sale and leaseback transaction to retained earnings	—	—	4,560	—	4,560	—
Foreign currency translation adjustments	—	—	—	(263)	(263)	—
Unrealized gain on hedges, net of tax	—	—	—	2,712	2,712	—
Issuance of redeemable noncontrolling interests	—	—	—	—	—	3,396
Accretion of redeemable noncontrolling interests	—	—	(18)	—	(18)	18
Activity in company stock plans, net and other	556	(979)	—	—	(979)	—
Share-based compensation	—	6,433	—	—	6,433	—
Balance, June 30, 2019	148,759	$ 1,314,163	$ 405,748	$ (71,515)	$ 1,648,396	$ 3,383

	Common Stock		Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity	Redeemable Noncontrolling Interests
	Shares	Amount				
Balance, December 31, 2017	147,740	$ 1,284,274	$ 352,906	$ (69,787)	$ 1,567,393	$ —
Net income	—	—	15,224	—	15,224	—
Reclassification of stranded tax effect to retained earnings	—	—	1,530	(1,530)	—	—
Foreign currency translation adjustments	—	—	—	(2,856)	(2,856)	—
Unrealized gain on hedges, net of tax	—	—	—	3,420	3,420	—
Unrealized loss on note receivable, net of tax	—	—	—	(497)	(497)	—
Equity component of debt discount on convertible senior notes	—	15,413	—	—	15,413	—
Activity in company stock plans, net and other	367	(651)	—	—	(651)	—
Share-based compensation	—	4,947	—	—	4,947	—
Balance, June 30, 2018	148,107	$ 1,303,984	$ 369,659	$ (71,249)	$ 1,602,394	$ —

The accompanying notes are an integral part of these condensed consolidated financial statements.

HELIX ENERGY SOLUTIONS GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(in thousands)

	Six Months Ended June 30,	
	2019	**2018**
Cash flows from operating activities:		
Net income	$ 18,141	$ 15,224
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	56,512	55,659
Amortization of debt discounts	3,070	2,659
Amortization of debt issuance costs	1,896	1,799
Share-based compensation	6,501	5,022
Deferred income taxes	845	(1,622)
Equity in losses of investment	69	271
Loss on extinguishment of long-term debt	18	1,181
Unrealized gain on derivative contracts, net	(1,740)	(1,554)
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable, net	(30,656)	(14,319)
Other current assets	(2,957)	(9,662)
Income tax payable	(3,122)	(1,445)
Accounts payable and accrued liabilities	97	9,202
Other, net	(16,113)	25,251
Net cash provided by operating activities	32,561	87,666
Cash flows from investing activities:		
Capital expenditures	(27,458)	(41,969)
STL acquisition, net	(4,081)	—
Proceeds from sale of assets	2,525	—
Net cash used in investing activities	(29,014)	(41,969)
Cash flows from financing activities:		
Issuance of Convertible Senior Notes due 2023	—	125,000
Repurchase of Convertible Senior Notes due 2032	—	(60,362)
Proceeds from term loan	35,000	—
Repayment of term loan	(33,692)	(61,936)
Repayment of Nordea Q5000 Loan	(17,857)	(17,857)
Repayment of MARAD Debt	(3,387)	(3,226)
Debt issuance costs	(1,485)	(3,856)
Payments related to tax withholding for share-based compensation	(1,329)	(1,058)
Proceeds from issuance of ESPP shares	281	332
Net cash used in financing activities	(22,469)	(22,963)
Effect of exchange rate changes on cash and cash equivalents	605	(836)
Net increase (decrease) in cash and cash equivalents	(18,317)	21,898
Cash and cash equivalents:		
Balance, beginning of year	279,459	266,592
Balance, end of period	$ 261,142	$ 288,490

The accompanying notes are an integral part of these condensed consolidated financial statements.

HELIX ENERGY SOLUTIONS GROUP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1 — Basis of Presentation and New Accounting Standards

The accompanying condensed consolidated financial statements include the accounts of Helix Energy Solutions Group, Inc. and its subsidiaries (collectively, “Helix” or the “Company”). Unless the context indicates otherwise, the terms “we,” “us” and “our” in this report refer collectively to Helix and its subsidiaries. All material intercompany accounts and transactions have been eliminated. These unaudited condensed consolidated financial statements have been prepared pursuant to instructions for the Quarterly Report on Form 10-Q required to be filed with the Securities and Exchange Commission (the “SEC”) and do not include all information and footnotes normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles (“GAAP”).

The accompanying condensed consolidated financial statements have been prepared in conformity with GAAP in U.S. dollars and are consistent in all material respects with those applied in our 2018 Annual Report on Form 10-K (“2018 Form 10-K”) with the exception of the impact of adopting the new lease accounting standard in 2019 (see below). The preparation of these financial statements requires us to make estimates and judgments that affect the amounts reported in the financial statements and the related disclosures. Actual results may differ from our estimates. We have made all adjustments (which were normal recurring adjustments) that we believe are necessary for a fair presentation of the condensed consolidated balance sheets, statements of operations, statements of comprehensive income, and statements of cash flows, as applicable. The operating results for the three- and six-month periods ended June 30, 2019 are not necessarily indicative of the results that may be expected for the year ending December 31, 2019. Our balance sheet as of December 31, 2018 included herein has been derived from the audited balance sheet as of December 31, 2018 included in our 2018 Form 10-K. These unaudited condensed consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements and notes thereto included in our 2018 Form 10-K.

Certain reclassifications were made to previously reported amounts in the consolidated financial statements and notes thereto to make them consistent with the current presentation format.

New accounting standards adopted

In February 2016, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02, “Leases (Topic 842)” (“ASC 842”), which was updated by subsequent amendments. ASC 842 requires a lessee to recognize a lease right-of-use asset and related lease liability for most leases, including those classified as operating leases. ASC 842 also changes the definition of a lease and requires expanded quantitative and qualitative disclosures for both lessees and lessors. We adopted ASC 842 in the first quarter of 2019 using the modified retrospective method. We also elected the package of practical expedients permitted under the transition guidance that, among other things, allows companies to carry forward their historical lease classification. Our adoption of ASC 842 resulted in the recognition of operating lease liabilities of $259.0 million and corresponding right-of-use (“ROU”) assets of $253.4 million (net of existing prepaid/deferred rent balances) as of January 1, 2019. In addition, we reclassified the remaining deferred gain of $4.6 million (net of deferred taxes of $0.9 million) on a 2016 sale and leaseback transaction to retained earnings. Subsequent to adoption, leases in foreign currencies will generate foreign currency gains and losses, and we will no longer amortize the deferred gain from the aforementioned sale and leaseback transaction. Aside from these changes, ASC 842 is not expected to have a material impact on our net earnings or cash flows.

New accounting standards issued but not yet effective

In June 2016, the FASB issued ASU No. 2016-13, “Measurement of Credit Losses on Financial Instruments,” which was updated by subsequent amendments. This ASU replaces the current incurred loss model for measurement of credit losses on financial assets (including trade receivables) with a forward-looking expected loss model based on historical experience, current conditions, and reasonable and supportable forecasts. The guidance is effective for annual reporting periods beginning after December 15, 2019, including interim periods. We are currently evaluating the impact this guidance will have on our consolidated financial statements.

We do not expect any other recent accounting standards to have a material impact on our financial position, results of operations or cash flows.

Note 2 — Company Overview

We are an international offshore energy services company that provides specialty services to the offshore energy industry, with a focus on well intervention and robotics operations. We provide services and methodologies that we believe are critical to maximizing production economics. Our services cover the lifecycle of an offshore oil or gas field. We provide services primarily in deepwater in the Gulf of Mexico, Brazil, North Sea, Asia Pacific and West Africa regions. Our “life of field” services are segregated into three reportable business segments: Well Intervention, Robotics and Production Facilities (Note 12).

Our Well Intervention segment includes our vessels and/or equipment used to perform well intervention services primarily in the Gulf of Mexico, Brazil, the North Sea and West Africa. Our well intervention vessels include the *Q4000*, the *Q5000*, the *Seawell*, the *Well Enhancer*, and two chartered monohull vessels, the *Siem H*elix *1* and the *Siem Helix 2*. We also have a semi-submersible well intervention vessel under completion, the *Q7000*. Our well intervention equipment includes intervention riser systems (“IRSs”) and subsea intervention lubricators (“SILs”), some of which we provide on a stand-alone basis.

Our Robotics segment includes remotely operated vehicles (“ROVs”), trenchers and a ROVDrill, which are designed to complement offshore construction and well intervention services, and three ROV support vessels under long-term charter: the *Grand Canyon*, the *Grand Canyon II* and the *Grand Canyon III*. We also utilize spot vessels as needed.

Our Production Facilities segment includes the *Helix Producer I* (the “*HP I*”), a ship-shaped dynamically positioned floating production vessel, the Helix Fast Response System (the “HFRS”), our ownership interest in Independence Hub, LLC (“Independence Hub”) (Note 4), and several wells and related infrastructure associated with the Droshky Prospect that we acquired from Marathon Oil Corporation (“Marathon Oil”) on January 18, 2019. All of our current production facilities activities are located in the Gulf of Mexico.

On May 29, 2019, we acquired a 70% controlling interest in Subsea Technologies Group Limited (“STL”), a subsea engineering firm based in Aberdeen, Scotland, for $5.1 million, including $4.1 million in cash and $1.0 million that we advanced to STL in December 2018. The acquisition is expected to strengthen our supply of subsea intervention systems. The remaining 30% noncontrolling interest holders have the right to put their shares to us in June 2024. These redeemable noncontrolling interests have been recognized as temporary equity at their estimated fair value of $3.4 million at the acquisition date. We recognized $2.4 million of identifiable intangible assets and $6.8 million of goodwill, which are reflected in “Other assets” in the accompanying condensed consolidated balance sheet (Note 3). Goodwill is related to the synergies expected from the acquisition. The ultimate fair values of acquired assets, liabilities and noncontrolling interests are provisional and pending final assessment of the valuations. STL is included in our Well Intervention segment (Note 12) and its revenue and earnings are immaterial to our consolidated results.

Note 3 — Details of Certain Accounts

Other current assets consist of the following (in thousands):

	June 30, 2019	December 31, 2018
Contract assets (Note 9)	$ 273	$ 5,829
Prepaids	15,222	10,306
Deferred costs (Note 9)	26,644	27,368
Other receivable (Note 13)	26,000	—
Other	9,625	8,091
Total other current assets	$ 77,764	$ 51,594

Other assets, net consist of the following (in thousands):

	June 30, 2019	December 31, 2018
Prepaids	$ 945	$ 5,896
Deferred recertification and dry dock costs, net	19,108	8,525
Deferred costs (Note 9)	26,832	38,574
Charter deposit (1)	12,544	12,544
Other receivable (Note 13)	25,996	—
Goodwill (Note 2)	6,763	—
Intangible assets with finite lives, net (Note 2)	3,828	1,402
Other	2,692	3,116
Total other assets, net	$ 98,708	$ 70,057

(1) This amount is deposited with the owner of the *Siem Helix 2* to offset certain payment obligations associated with the vessel at the end of the charter term.

Accrued liabilities consist of the following (in thousands):

	June 30, 2019	December 31, 2018
Accrued payroll and related benefits	$ 22,796	$ 43,079
Investee losses in excess of investment (Note 4)	10,000	5,125
Deferred revenue (Note 9)	11,240	10,103
Asset retirement obligations (Note 13)	22,173	—
Derivative liability (Note 17)	4,251	9,311
Other	14,151	17,976
Total accrued liabilities	$ 84,611	$ 85,594

Other non-current liabilities consist of the following (in thousands):

	June 30, 2019	December 31, 2018
Investee losses in excess of investment (Note 4)	$ —	$ 6,035
Deferred gain on sale of property (1)	—	5,052
Deferred revenue (Note 9)	11,396	15,767
Asset retirement obligations (Note 13)	26,912	—
Derivative liability (Note 17)	—	884
Other	2,976	11,800
Total other non-current liabilities	$ 41,284	$ 39,538

(1) Relates to the sale and lease-back in January 2016 of our office and warehouse property located in Aberdeen, Scotland. The deferred gain had been amortized over a 15-year minimum lease term prior to our adoption of ASC 842 on January 1, 2019. See Note 1 for the effect of ASC 842 on this deferred gain.

Note 4 — Equity Investments

We have a 20% ownership interest in Independence Hub that we account for using the equity method of accounting. Independence Hub owns the “Independence Hub” platform located in Mississippi Canyon Block 920 in the Gulf of Mexico in a water depth of 8,000 feet. We are committed to providing our pro-rata portion of financial support for Independence Hub to pay its obligations as they become due. The platform decommissioning process is currently underway and is expected to be substantially completed within the next 12 months. We recognized a liability of $10.0 million at June 30, 2019 and $11.2 million at December 31, 2018 for our share of Independence Hub’s estimated obligations, net of remaining working capital. This liability is reflected in “Accrued liabilities” and “Other non-current liabilities” in the accompanying condensed consolidated balance sheets.

Note 5 — Leases

We charter vessels and lease facilities and equipment under non-cancelable contracts that expire on various dates through 2031. We also sublease some of our facilities under non-cancelable sublease agreements.

Leases with a term greater than one year are recognized on our balance sheet as ROU assets and lease liabilities. We have elected not to recognize on our balance sheet leases with an initial term of one year or less. Lease liabilities and their corresponding ROU assets are recorded at the commencement date based on the present value of lease payments over the expected lease term. We use our incremental borrowing rate, which would be the rate incurred to borrow on a collateralized basis over a similar term in a similar economic environment, to calculate the present value of lease payments. ROU assets are adjusted for any initial direct costs paid or incentives received.

We separate our long-term vessel charters between their lease components and non-lease services. We estimate the lease component using the residual estimate approach by estimating the non-lease services, which are primarily crew, repair and maintenance, and regulatory certification costs. For all other leases, we have not separated the lease components and non-lease services. The lease term may include options to extend or terminate the lease when it is reasonably certain that we will exercise the option.

We recognize operating lease cost on a straight-line basis over the lease term for both (i) leases that are recognized on the balance sheet and (ii) short-term leases. We recognize lease cost related to variable lease payments that are not recognized on the balance sheet in the period in which the obligation is incurred. The following table details the components of our lease cost (in thousands):

	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
Operating lease cost	$ 18,056	$ 36,189
Variable lease cost	3,222	6,297
Short-term lease cost	4,804	8,962
Sublease income	(373)	(726)
Net lease cost	$ 25,709	$ 50,722

Maturities of our operating lease liabilities as of June 30, 2019 are as follows (in thousands):

	Vessels	Facilities and Equipment	Total
Remainder of 2019	$ 32,625	$ 3,515	$ 36,140
2020	60,451	6,486	66,937
2021	54,638	5,731	60,369
2022	52,106	5,103	57,209
2023	34,580	4,490	39,070
Thereafter	2,470	10,297	12,767
Total lease payments	$ 236,870	$ 35,622	$ 272,492
Less: imputed interest	(31,997)	(7,315)	(39,312)
Total operating lease liabilities	$ 204,873	$ 28,307	$ 233,180
Current operating lease liabilities	$ 49,371	$ 5,078	$ 54,449
Non-current operating lease liabilities	155,502	23,229	178,731
Total operating lease liabilities	$ 204,873	$ 28,307	$ 233,180

The following table presents the weighted average remaining lease term and discount rate:

	June 30, 2019
Weighted average remaining lease term	4.4 years
Weighted average discount rate	7.54%

The following table presents other information related to our operating leases (in thousands):

	Six Months Ended June 30, 2019
Cash paid for operating lease liabilities	$ 35,784
ROU assets obtained in exchange for new operating lease obligations	671

As previously disclosed in our 2018 Form 10-K and under the previous lease accounting standard, future minimum lease payments for our operating leases as of December 31, 2018 were as follows (in thousands):

	Vessels	Facilities and Equipment	Total
2019	$ 116,620	$ 5,881	$ 122,501
2020	96,800	5,340	102,140
2021	89,216	5,185	94,401
2022	90,371	5,064	95,435
2023	51,266	4,533	55,799
Thereafter	—	10,448	10,448
Total lease payments	$ 444,273	$ 36,451	$ 480,724

Note 6 — Long-Term Debt

Scheduled maturities of our long-term debt outstanding as of June 30, 2019 are as follows (in thousands):

	Term Loan (1)	2022 Notes	2023 Notes	MARAD Debt	Nordea Q5000 Loan	Total
Less than one year	$ 3,500	$ —	$ —	$ 7,027	$ 107,143	$ 117,670
One to two years	3,500	—	—	7,378	—	10,878
Two to three years	28,000	125,000	—	7,746	—	160,746
Three to four years	—	—	—	8,133	—	8,133
Four to five years	—	—	125,000	8,539	—	133,539
Over five years	—	—	—	28,258	—	28,258
Gross debt	35,000	125,000	125,000	67,081	107,143	459,224
Unamortized debt discounts (2)	—	(9,549)	(16,183)	—	—	(25,732)
Unamortized debt issuance costs (3)	(477)	(1,501)	(2,608)	(3,781)	(637)	(9,004)
Total debt	34,523	113,950	106,209	63,300	106,506	424,488
Less: current maturities	(3,500)	—	—	(7,027)	(106,506)	(117,033)
Long-term debt	$ 31,023	$ 113,950	$ 106,209	$ 56,273	$ —	$ 307,455

(1) Term Loan pursuant to the Credit Agreement (as defined below) matures in December 2021.

(2) Our Convertible Senior Notes due 2022 (the “2022 Notes”) will increase to their face amount through accretion of the debt discount through May 2022. Our Convertible Senior Notes due 2023 (the “2023 Notes”) will increase to their face amount through accretion of the debt discount to interest expense through September 2023.

(3) Debt issuance costs are amortized to interest expense over the term of the applicable debt agreement.

Below is a summary of certain components of our indebtedness:

Credit Agreement

On June 30, 2017, we entered into an Amended and Restated Credit Agreement (and the amendments made thereafter, collectively the “Credit Agreement”) with a group of lenders led by Bank of America, N.A. (“Bank of America”). On June 28, 2019, we amended our existing term loan (the “Term Loan”) and revolving credit facility (the “Revolving Credit Facility”) under the Credit Agreement. The Credit Agreement is comprised of a $35 million Term Loan and a Revolving Credit Facility of $175 million. The Revolving Credit Facility permits us to obtain letters of credit up to a sublimit of $25 million. Pursuant to the Credit Agreement, subject to existing lender participation and/or the participation of new lenders, and subject to standard conditions precedent, we may request aggregate commitments up to $100 million with respect to an increase in the Revolving Credit Facility. As of June 30, 2019, we had no borrowings under the Revolving Credit Facility, and our available borrowing capacity under that facility, based on the leverage ratios, totaled $171.3 million, net of $3.7 million of letters of credit issued under that facility.

Borrowings under the Credit Agreement bear interest, at our election, at either Bank of America’s base rate, the LIBOR or a comparable successor rate, or a combination thereof. The Term Loan bearing interest at the base rate will bear interest at a per annum rate equal to Bank of America’s base rate plus a margin of 2.25%. The Term Loan bearing interest at a LIBOR rate will bear interest per annum at the LIBOR or a comparable successor rate selected by us plus a margin of 3.25%. The interest rate on the Term Loan was 5.65% as of June 30, 2019. Borrowings under the Revolving Credit Facility bearing interest at the base rate will bear interest at a per annum rate equal to Bank of America’s base rate plus a margin ranging from 1.50% to 2.50%. Borrowings under the Revolving Credit Facility bearing interest at a LIBOR rate will bear interest per annum at the LIBOR or a comparable successor rate selected by us plus a margin ranging from 2.50% to 3.50%. A letter of credit fee is payable by us equal to the applicable margin for LIBOR rate loans times the daily amount available to be drawn under the applicable letter of credit. Margins on borrowings under the Revolving Credit Facility will vary in relation to the Consolidated Total Leverage Ratio (as defined below) as provided for in the Credit Agreement. We also pay a fixed commitment fee of 0.50% per annum on the unused portion of the Revolving Credit Facility.

The Term Loan principal is required to be repaid in quarterly installments of 2.5% of the aggregate principal amount of the Term Loan, with a balloon payment at maturity. Installment amounts are subject to adjustment for any prepayments on the Term Loan. We may prepay indebtedness outstanding under the Term Loan without premium or penalty, but may not reborrow any amounts prepaid. We may prepay indebtedness outstanding under the Revolving Credit Facility without premium or penalty, and may reborrow any amounts prepaid up to the amount of the Revolving Credit Facility. Borrowings under the Credit Agreement mature on December 31, 2021.

The Credit Agreement and the other documents entered into in connection with the Credit Agreement include terms and conditions, including covenants, which we consider customary for this type of transaction. The covenants include certain restrictions on our and certain of our subsidiaries' ability to grant liens, incur indebtedness, make investments, merge or consolidate, sell or transfer assets, pay dividends and make capital expenditures. In addition, the Credit Agreement obligates us to meet minimum ratio requirements of EBITDA to interest charges (Consolidated Interest Coverage Ratio), funded debt to EBITDA (Consolidated Total Leverage Ratio) and secured funded debt to EBITDA (Consolidated Secured Leverage Ratio).

We may designate one or more of our new foreign subsidiaries as subsidiaries not generally subject to the covenants in the Credit Agreement (the "Unrestricted Subsidiaries"). The debt and EBITDA of the Unrestricted Subsidiaries are not included in the calculations of our financial covenants, except that at our election we may include the debt and EBITDA of either Helix Q5000 Holdings, S.à r.l. ("Q5000 Holdings") or Helix Q7000 Holdings, S.à r.l. ("Q7000 Holdings"), each a wholly owned subsidiary incorporated in Luxembourg. We are currently including the debt and EBITDA of Q5000 Holdings in the calculations of our financial covenants. Our obligations under the Credit Agreement, and those of our subsidiary guarantors under their guarantee, are secured by (i) most of the assets of the parent company, (ii) the shares of our domestic subsidiaries (other than Cal Dive I - Title XI, Inc.) and of Canyon Offshore Limited, and (iii) most of the assets of our domestic subsidiaries (other than Cal Dive I - Title XI, Inc.) and of Canyon Offshore Limited. In addition, these obligations are secured by pledges of up to 66% of the shares of certain foreign subsidiaries.

In March 2018, we prepaid $61 million of the then-existing term loan with a portion of the net proceeds from the 2023 Notes. We recognized a $0.9 million loss to write off the related unamortized debt issuance costs. In June 2019, in connection with the amendment of the Credit Agreement we wrote off the remaining unamortized debt issuance costs associated with a lender exiting the Credit Agreement. These losses are presented as "Loss on extinguishment of long-term debt" in the accompanying condensed consolidated statements of operations.

In January 2019, contemporaneously with our purchase from Marathon Oil of several wells and related infrastructure associated with the Droshky Prospect located in offshore Gulf of Mexico Green Canyon Block 244, we amended the Credit Agreement to permit the issuance of certain security to third parties for required plug and abandonment ("P&A") obligations and to make certain capital expenditures in connection with acquired assets (Notes 2 and 13).

Convertible Senior Notes Due 2022

On November 1, 2016, we completed a public offering and sale of the 2022 Notes in the aggregate principal amount of $125 million. The 2022 Notes bear interest at a rate of 4.25% per annum and are payable semi-annually in arrears on November 1 and May 1 of each year, beginning on May 1, 2017. The 2022 Notes mature on May 1, 2022 unless earlier converted, redeemed or repurchased. During certain periods and subject to certain conditions, the 2022 Notes are convertible by the holders into shares of our common stock at an initial conversion rate of 71.9748 shares of our common stock per $1,000 principal amount (which represents an initial conversion price of approximately $13.89 per share of common stock), subject to adjustment in certain circumstances. We have the right and the intention to settle the principal amount of any such future conversions in cash.

Prior to November 1, 2019, the 2022 Notes are not redeemable. On or after November 1, 2019, if certain conditions are met, we may redeem all or any portion of the 2022 Notes at a redemption price payable in cash equal to 100% of the principal amount to be redeemed, plus accrued and unpaid interest, and a "make-whole premium" (as defined in the indenture governing the 2022 Notes). Holders of the 2022 Notes may require us to repurchase the notes following a "fundamental change" (as defined in the indenture governing the 2022 Notes).

The indenture governing the 2022 Notes contains customary terms and covenants, including that upon certain events of default occurring and continuing, either the trustee under the indenture or the holders of not less than 25% in aggregate principal amount then outstanding under the 2022 Notes may declare the entire principal amount of all the notes, and the interest accrued on such notes, if any, to be immediately due and payable. In the case of certain events of bankruptcy, insolvency or reorganization relating to us or a significant subsidiary, the principal amount of the 2022 Notes together with any accrued and unpaid interest thereon will become immediately due and payable.

The 2022 Notes are accounted for by separating the net proceeds between long-term debt and shareholders' equity. In connection with the issuance of the 2022 Notes, we recorded a debt discount of $16.9 million ($11.0 million net of tax) as a result of separating the equity component. The effective interest rate for the 2022 Notes is 7.3% after considering the effect of the accretion of the related debt discount that represented the equity component of the 2022 Notes at their inception. For the three- and six-month periods ended June 30, 2019, interest expense (including amortization of the debt discount) related to the 2022 Notes totaled $2.1 million and $4.2 million, respectively. For the three- and six-month periods ended June 30, 2018, interest expense (including amortization of the debt discount) related to the 2022 Notes totaled $2.0 million and $4.0 million, respectively. The remaining unamortized debt discount of the 2022 Notes was $9.5 million at June 30, 2019 and $11.0 million at December 31, 2018.

Convertible Senior Notes Due 2023

On March 20, 2018, we completed a public offering and sale of the 2023 Notes in the aggregate principal amount of $125 million. The net proceeds from the issuance of the 2023 Notes were approximately $121.0 million after deducting the underwriters' discounts and commissions and estimated offering expenses. We used the net proceeds from the issuance of the 2023 Notes to fund the required repurchase by us of $59.3 million in principal of Convertible Senior Notes due 2032 (the "2032 Notes") described below and to prepay $61.0 million of the then-existing term loan.

The 2023 Notes bear interest at a rate of 4.125% per annum and are payable semi-annually in arrears on March 15 and September 15 of each year, beginning on September 15, 2018. The 2023 Notes mature on September 15, 2023 unless earlier converted, redeemed or repurchased. During certain periods and subject to certain conditions, the 2023 Notes are convertible by the holders into shares of our common stock at an initial conversion rate of 105.6133 shares of our common stock per $1,000 principal amount (which represents an initial conversion price of approximately $9.47 per share of common stock), subject to adjustment in certain circumstances. We have the right and the intention to settle the principal amount of any such future conversions in cash.

Prior to March 15, 2021, the 2023 Notes are not redeemable. On or after March 15, 2021, if certain conditions are met, we may redeem all or any portion of the 2023 Notes at a redemption price payable in cash equal to 100% of the principal amount to be redeemed, plus accrued and unpaid interest, and a "make-whole premium" (as defined in the indenture governing the 2023 Notes). Holders of the 2023 Notes may require us to repurchase the notes following a "fundamental change" (as defined in the indenture governing the 2023 Notes).

The indenture governing the 2023 Notes contains customary terms and covenants, including that upon certain events of default occurring and continuing, either the trustee under the indenture or the holders of not less than 25% in aggregate principal amount then outstanding under the 2023 Notes may declare the entire principal amount of all the notes, and the interest accrued on such notes, if any, to be immediately due and payable. In the case of certain events of bankruptcy, insolvency or reorganization relating to us or a significant subsidiary, the principal amount of the 2023 Notes together with any accrued and unpaid interest thereon will become immediately due and payable.

The 2023 Notes are accounted for by separating the net proceeds between long-term debt and shareholders' equity. In connection with the issuance of the 2023 Notes, we recorded a debt discount of $20.1 million ($15.9 million net of tax) as a result of separating the equity component. The effective interest rate for the 2023 Notes is 7.8% after considering the effect of the accretion of the related debt discount that represented the equity component of the 2023 Notes at their inception. For the three- and six-month periods ended June 30, 2019, interest expense (including amortization of the debt discount) related to the 2023 Notes totaled $2.1 million and $4.2 million, respectively. For the three- and six-month periods ended June 30, 2018, interest expense (including amortization of the debt discount) related to the 2023 Notes totaled $1.9 million and $2.2 million, respectively. The remaining unamortized debt discount of the 2023 Notes was $16.2 million at June 30, 2019 and $17.8 million at December 31, 2018.

MARAD Debt

This U.S. government-guaranteed financing (the "MARAD Debt"), pursuant to Title XI of the Merchant Marine Act of 1936 administered by the Maritime Administration, was used to finance the construction of the *Q4000*. The MARAD Debt is collateralized by the *Q4000* and is guaranteed 50% by us. The MARAD Debt is payable in equal semi-annual installments, matures in February 2027 and bears interest at a rate of 4.93%.

Nordea Credit Agreement

In September 2014, Q5000 Holdings entered into a credit agreement (the "Nordea Credit Agreement") with a syndicated bank lending group for a term loan (the "Nordea Q5000 Loan") in an amount of up to $250 million. The Nordea Q5000 Loan was funded in the amount of $250 million in April 2015 at the time the *Q5000* vessel was delivered to us. The parent company of Q5000 Holdings, Helix Vessel Finance S.à r.l., also a wholly owned Luxembourg subsidiary, guaranteed the Nordea Q5000 Loan. The loan is secured by the *Q5000* and its charter earnings as well as by a pledge of the shares of Q5000 Holdings. This indebtedness is non-recourse to Helix.

The Nordea Q5000 Loan bears interest at a LIBOR rate plus a margin of 2.5%. The Nordea Q5000 Loan matures on April 30, 2020 and is repayable in scheduled quarterly principal installments of $8.9 million with a balloon payment of $80.4 million at maturity. The remaining principal balance was classified as current as of June 30, 2019. Q5000 Holdings may elect to prepay indebtedness outstanding under the Nordea Q5000 Loan without premium or penalty, but may not reborrow any amounts prepaid. Quarterly principal installments are subject to adjustment for any prepayments on this debt. In June 2015, we entered into interest rate swap contracts to fix the one-month LIBOR rate on a portion of our borrowings under the Nordea Q5000 Loan (Note 17). The total notional amount of the swaps (initially $187.5 million) decreases in proportion to the reduction in the principal amount outstanding under the Nordea Q5000 Loan. The fixed LIBOR rates are approximately 150 basis points.

The Nordea Credit Agreement and related loan documents include terms and conditions, including covenants and prepayment requirements, that we consider customary for this type of transaction. The covenants include restrictions on Q5000 Holdings's ability to grant liens, incur indebtedness, make investments, merge or consolidate, sell or transfer assets, and pay dividends. In addition, the Nordea Credit Agreement obligates Q5000 Holdings to meet certain minimum financial requirements, including liquidity, consolidated debt service coverage and collateral maintenance.

Convertible Senior Notes Due 2032

In March 2012, we issued $200 million of 3.25% Convertible Senior Notes, which were originally scheduled to mature on March 15, 2032. In March 2018, we made a tender offer for the repurchase of the 2032 Notes outstanding on the first repurchase date as required by the indenture governing the 2032 Notes, and as a result we repurchased $59.3 million in aggregate principal amount of the 2032 Notes on March 20, 2018. The total repurchase price was $59.5 million, including $0.2 million in fees. We recognized a $0.2 million loss in connection with the repurchase of the 2032 Notes. The loss is presented as "Loss on extinguishment of long-term debt" in the accompanying condensed consolidated statement of operations. On May 4, 2018, we redeemed the remaining $0.8 million in aggregate principal amount of the 2032 Notes.

Other

In accordance with the Credit Agreement, the 2022 Notes, the 2023 Notes, the MARAD Debt agreements and the Nordea Credit Agreement, we are required to comply with certain covenants, including with respect to the Credit Agreement, certain financial ratios such as a consolidated interest coverage ratio, a consolidated total leverage ratio and a consolidated secured leverage ratio, as well as the maintenance of minimum cash balance, net worth, working capital and debt-to-equity requirements. As of June 30, 2019, we were in compliance with these covenants.

The following table details the components of our net interest expense (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Interest expense	$ 8,045	$ 8,041	$ 15,941	$ 16,340
Interest income	(675)	(679)	(1,433)	(1,269)
Capitalized interest	(5,165)	(3,763)	(10,205)	(7,576)
Net interest expense	$ 2,205	$ 3,599	$ 4,303	$ 7,495

Note 7 — Income Taxes

We believe that our recorded deferred tax assets and liabilities are reasonable. However, tax laws and regulations are subject to interpretation, and the outcomes of tax disputes are inherently uncertain; therefore, our assessments can involve a series of complex judgments about future events and rely heavily on estimates and assumptions.

The effective tax rates for the three- and six-month periods ended June 30, 2019 were 14.6% and 15.0%, respectively. The effective tax rates for the three- and six-month periods ended June 30, 2018 were 1.6% and 2.5%, respectively. The increase was primarily attributable to the earnings mix between our higher and lower tax rate jurisdictions.

Income taxes are provided based on the U.S. statutory rate and the local statutory rate for each foreign jurisdiction adjusted for items that are allowed as deductions for federal and foreign income tax reporting purposes, but not for book purposes. The primary differences between the U.S. statutory rate and our effective rate are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
U.S. statutory rate	21.0 %	21.0 %	21.0 %	21.0 %
Foreign provision	(8.4)	(19.6)	(9.0)	(20.2)
Other	2.0	0.2	3.0	1.7
Effective rate	14.6 %	1.6 %	15.0 %	2.5 %

Note 8 — Shareholders' Equity

The components of accumulated other comprehensive income (loss) ("accumulated OCI") are as follows (in thousands):

	June 30, 2019	December 31, 2018
Cumulative foreign currency translation adjustment	$ (70,118)	$ (69,855)
Net unrealized loss on hedges, net of tax [1]	(1,397)	(4,109)
Accumulated OCI	$ (71,515)	$ (73,964)

(1) Relates to foreign currency hedges for the *Grand Canyon II* and *Grand Canyon III* charters as well as interest rate swap contracts for the Nordea Q5000 Loan (Note 17) and is net of deferred income taxes totaling $0.4 million at June 30, 2019 and $1.0 million at December 31, 2018.

Note 9 — Revenue from Contracts with Customers

Disaggregation of Revenue

Our revenues are derived primarily from short-term and long-term service contracts with customers. Our service contracts generally contain either provisions for specific time, material and equipment charges that are billed in accordance with the terms of such contracts (dayrate contracts) or lump sum payment provisions (lump sum contracts). We record revenues net of taxes collected from customers and remitted to governmental authorities. The following table provides information about disaggregated revenue by contract duration (in thousands):

	Well Intervention	Robotics	Production Facilities	Intercompany Eliminations [1]	Total Revenue
Three months ended June 30, 2019					
Short-term	$ 62,788	$ 28,701	$ —	$ —	$ 91,489
Long-term [2]	96,286	16,745	15,621	(18,413)	110,239
Total	$ 159,074	$ 45,446	$ 15,621	$ (18,413)	$ 201,728
Three months ended June 30, 2018					
Short-term	$ 61,935	$ 30,738	$ —	$ —	$ 92,673
Long-term [2]	99,824	8,322	16,343	(12,537)	111,952
Total	$ 161,759	$ 39,060	$ 16,343	$ (12,537)	$ 204,625
Six months ended June 30, 2019					
Short-term	$ 92,593	$ 53,631	$ —	$ —	$ 146,224
Long-term [2]	188,712	30,856	30,874	(28,115)	222,327
Total	$ 281,305	$ 84,487	$ 30,874	$ (28,115)	$ 368,551
Six months ended June 30, 2018					
Short-term	$ 103,962	$ 51,062	$ —	$ —	$ 155,024
Long-term [2]	187,366	15,167	32,664	(21,334)	213,863
Total	$ 291,328	$ 66,229	$ 32,664	$ (21,334)	$ 368,887

(1) Intercompany revenues among our business segments are under agreements that are considered long-term.

(2) Contracts are classified as long-term if all or part of the contract is to be performed over a period extending beyond 12 months from the effective date of the contract. Long-term contracts may include multi-year agreements whereby the commitment for services in any one year may be short in duration.

Contract Balances

Accounts receivable are recognized when our right to consideration becomes unconditional. Accounts receivable that have been billed to customers are recorded as trade accounts receivable while accounts receivable that have not been billed to customers are recorded as unbilled accounts receivable.

Contract assets are rights to consideration in exchange for services that we have provided to a customer when those rights are conditioned on our future performance. Contract assets generally consist of (i) demobilization fees recognized ratably over the contract term but invoiced upon completion of the demobilization activities and (ii) revenue recognized in excess of the amount billed to the customer for lump sum contracts when the cost-to-cost method of revenue recognition is utilized. Contract assets are reflected in “Other current assets” on the accompanying condensed consolidated balance sheets (Note 3). Contract assets were $0.3 million at June 30, 2019 and $5.8 million at December 31, 2018. Impairment losses recognized on our accounts receivable and contract assets were immaterial for the three- and six-month periods ended June 30, 2019 and 2018.

Contract liabilities are obligations to provide future services to a customer for which we have already received, or have the unconditional right to receive, the consideration for those services from the customer. Contract liabilities may consist of (i) advance payments received from customers, including upfront mobilization fees allocated to a single performance obligation and recognized ratably over the contract term and/or (ii) the amount billed to the customer in excess of revenue recognized for lump sum contracts when the cost-to-cost method of revenue recognition is utilized. Contract liabilities are reflected as “Deferred revenue,” a component of “Accrued liabilities” and “Other non-current liabilities” on the accompanying condensed consolidated balance sheets (Note 3). Contract liabilities totaled $22.6 million at June 30, 2019 and $25.9 million at December 31, 2018. Revenue recognized for the three- and six-month periods ended June 30, 2019 included $2.6 million and $5.2 million, respectively, that were included in the contract liability balance at the beginning of each period. Revenue recognized for the three- and six-month periods ended June 30, 2018 included $8.7 million and $10.0 million, respectively, that were included in the contract liability balance at the beginning of each period.

We report the net contract asset or contract liability position on a contract-by-contract basis at the end of each reporting period.

Performance Obligations

As of June 30, 2019, $1.0 billion related to unsatisfied performance obligations was expected to be recognized as revenue in the future, with $281.3 million in 2019, $401.7 million in 2020 and $278.6 million in 2021 and thereafter. These amounts include fixed consideration and estimated variable consideration for both wholly and partially unsatisfied performance obligations, including mobilization and demobilization fees. These amounts are derived from the specific terms of our contracts, and the expected timing for revenue recognition is based on the estimated start date and duration of each contract according to the information known at June 30, 2019.

For the three- and six-month periods ended June 30, 2019 and 2018, revenues recognized from performance obligations satisfied (or partially satisfied) in previous periods were immaterial.

Contract Fulfillment Costs

Contract fulfillment costs consist of costs incurred in fulfilling a contract with a customer. Our contract fulfillment costs primarily relate to costs incurred for mobilization of personnel and equipment at the beginning of a contract and costs incurred for demobilization at the end of a contract. Mobilization costs are deferred and amortized ratably over the contract term (including anticipated contract extensions) based on the pattern of the provision of services to which the contract fulfillment costs relate. Demobilization costs are recognized when incurred at the end of the contract. Deferred contract costs are reflected as “Deferred costs,” a component of “Other current assets” and “Other assets, net” on the accompanying condensed consolidated balance sheets

(Note 3). Our deferred contract costs totaled $53.5 million at June 30, 2019 and $65.9 million at December 31, 2018. For the three- and six-month periods ended June 30, 2019, we recorded $8.2 million and $15.9 million, respectively, related to amortization of deferred contract costs existing at the beginning of each period. For the three- and six-month periods ended June 30, 2018, we recorded $8.2 million and $17.1 million, respectively, related to amortization of deferred contract costs existing at the beginning of each period. There were no associated impairment losses for all periods presented.

For additional information regarding revenue recognition, see Notes 2 and 10 to our 2018 Form 10-K.

Note 10 — Earnings Per Share

We have shares of restricted stock issued and outstanding that are currently unvested. Shares of restricted stock are considered participating securities because holders of shares of unvested restricted stock are entitled to the same liquidation and dividend rights as the holders of our unrestricted common stock. We are required to compute earnings per share ("EPS") under the two-class method in periods in which we have earnings. Under the two-class method, the undistributed earnings for each period are allocated based on the participation rights of both common shareholders and the holders of any participating securities as if earnings for the respective periods had been distributed. Because both the liquidation and dividend rights are identical, the undistributed earnings are allocated on a proportionate basis. For periods in which we have a net loss we do not use the two-class method as holders of our restricted shares are not obligated to share in such losses.

The presentation of basic EPS on the face of the accompanying condensed consolidated statements of operations is computed by dividing net income or loss by the weighted average shares of our common stock outstanding. The calculation of diluted EPS is similar to that for basic EPS, except that the denominator includes dilutive common stock equivalents and the numerator excludes the effects of dilutive common stock equivalents, if any. The computations of the numerator (income) and denominator (shares) to derive the basic and diluted EPS amounts presented on the face of the accompanying condensed consolidated statements of operations are as follows (in thousands):

	Three Months Ended June 30, 2019		Three Months Ended June 30, 2018	
	Income	Shares	Income	Shares
Basic:				
Net income attributable to common shareholders	$ 16,854		$ 17,784	
Less: Undistributed earnings allocated to participating securities	(141)		(171)	
Accretion of redeemable noncontrolling interests	(18)		—	
Net income available to common shareholders, basic	$ 16,695	147,521	$ 17,613	146,683
Diluted:				
Net income available to common shareholders, basic	$ 16,695	147,521	$ 17,613	146,683
Effect of dilutive securities:				
Share-based awards other than participating securities	—	580	—	41
Net income available to common shareholders, diluted	$ 16,695	148,101	$ 17,613	146,724

	Six Months Ended June 30, 2019		Six Months Ended June 30, 2018	
	Income	Shares	Income	Shares
Basic:				
Net income attributable to common shareholders	$ 18,172		$ 15,224	
Less: Undistributed earnings allocated to participating securities	(159)		(147)	
Accretion of redeemable noncontrolling interests	(18)		—	
Net income available to common shareholders, basic	$ 17,995	147,471	$ 15,077	146,668
Diluted:				
Net income available to common shareholders, basic	$ 17,995	147,471	$ 15,077	146,668
Effect of dilutive securities:				
Share-based awards other than participating securities	—	460	—	—
Net income available to common shareholders, diluted	$ 17,995	147,931	$ 15,077	146,668

The following potentially dilutive shares related to the 2022 Notes, the 2023 Notes and the 2032 Notes were excluded from the diluted EPS calculation as they were anti-dilutive (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
2022 Notes	8,997	8,997	8,997	8,997
2023 Notes	13,202	13,202	13,202	7,440
2032 Notes (1)	—	12	—	1,057

(1) The 2032 Notes were fully redeemed in May 2018.

Note 11 — Employee Benefit Plans

Long-Term Incentive Plan

We currently have one active long-term incentive plan: the 2005 Long-Term Incentive Plan, as amended and restated (the "2005 Incentive Plan"). On May 15, 2019, our shareholders approved an amendment to and restatement of the 2005 Incentive Plan to: (i) authorize 7.0 million additional shares for issuance pursuant to our equity incentive compensation strategy, (ii) establish a maximum award limit applicable to independent members of our Board of Directors (our "Board") under the 2005 Incentive Plan, (iii) require, subject to certain exceptions, that all awards under the 2005 Incentive Plan have a minimum vesting or restriction period of one year and (iv) remove certain requirements with respect to performance-based compensation under Section 162(m) of the Internal Revenue Code that were repealed by the U.S. Tax Cuts and Jobs Act (the "2017 Tax Act"). As of June 30, 2019, there were 8.5 million shares of our common stock available for issuance under the 2005 Incentive Plan. During the six-month period ended June 30, 2019, the following grants of share-based awards were made under the 2005 Incentive Plan:

Date of Grant	Shares/ Units	Grant Date Fair Value Per Share/Unit	Vesting Period
January 2, 2019 (1)	688,540	$ 5.41	33% per year over three years
January 2, 2019 (2)	688,540	7.60	100% on January 2, 2022
January 2, 2019 (3)	11,841	5.41	100% on January 1, 2021
April 1, 2019 (3)	7,625	7.91	100% on January 1, 2021

(1) Reflects grants of restricted stock to our executive officers and select management employees.

(2) Reflects grants of performance share units ("PSUs") to our executive officers and select management employees. The PSUs provide for an award based on the performance of our common stock over a three-year period with the maximum amount of the award being 200% of the original PSU awards and the minimum amount being zero.

(3) Reflects grants of restricted stock to certain independent members of our Board who have elected to take their quarterly fees in stock in lieu of cash.

Compensation cost for restricted stock is the product of the grant date fair value of each share and the number of shares granted and is recognized over the applicable vesting period on a straight-line basis. Forfeitures are recognized as they occur. For the three- and six-month periods ended June 30, 2019, $2.4 million and $3.7 million respectively, were recognized as share-based compensation related to restricted stock. For the three- and six-month periods ended June 30, 2018, $1.5 million and $3.0 million, respectively, were recognized as share-based compensation related to restricted stock.

The estimated fair value of PSUs is determined using a Monte Carlo simulation model. PSUs granted prior to 2017 could be settled in either cash or shares of our common stock and were accounted for as liability awards. Beginning in 2017, PSUs granted are to be settled solely in shares of our common stock and therefore are accounted for as equity awards. Compensation cost for PSUs that are accounted for as equity awards is measured based on the estimated grant date fair value and recognized over the vesting period on a straight-line basis as an increase to equity. For the three- and six-month periods ended June 30, 2019, $1.4 million and $2.7 million, respectively, were recognized as share-based compensation related to PSUs. For the three- and six-month periods ended June 30, 2018, $4.2 million and $5.2 million, respectively, were recognized as share-based compensation related to PSUs. The liability balance for previously unvested PSUs granted in January 2016 was $11.1 million at December 31, 2018, which we settled in cash when those PSUs vested in January 2019.

Additionally in 2019 and 2018, we granted fixed-value cash awards of $4.6 million and $5.2 million, respectively, to select management employees under the 2005 Incentive Plan. The value of fixed value cash awards is recognized on a straight-line basis over a vesting period of three years. For the three- and six-month periods ended June 30, 2019, $0.8 million and $1.6 million, respectively, were recognized as compensation cost. For the three- and six-month periods ended June 30, 2018, $0.4 million and $0.8 million, respectively, were recognized as compensation cost.

Employee Stock Purchase Plan

We have an employee stock purchase plan (the "ESPP"). On May 15, 2019, our shareholders approved an amendment to and restatement of the ESPP to: (i) increase the shares authorized for issuance by 1.5 million shares and (ii) delegate to an administrator the authority to establish from time to time the maximum shares purchasable during a purchase period. As of June 30, 2019, 2.0 million shares were available for issuance under the ESPP. The ESPP currently has a purchase limit of 130 shares per employee per purchase period.

For more information regarding our employee benefit plans, including the 2005 Incentive Plan and the ESPP, see Note 12 to our 2018 Form 10-K.

Note 12 — Business Segment Information

We have three reportable business segments: Well Intervention, Robotics and Production Facilities. Our U.S., U.K. and Brazil well intervention operating segments are aggregated into the Well Intervention business segment for financial reporting purposes. Our Well Intervention segment includes our vessels and/or equipment used to perform well intervention services primarily in the Gulf of Mexico, Brazil, the North Sea and West Africa. Our well intervention vessels include the *Q4000*, the *Q5000*, the *Seawell*, the *Well Enhancer*, and the chartered *Siem Helix 1* and *Siem Helix 2* vessels. Our well intervention equipment includes IRSs and SILs, some of which we provide on a stand-alone basis, and also includes STL beginning in the second quarter of 2019 (Note 2). Our Robotics segment includes ROVs, trenchers and a ROVDrill, which are designed to complement offshore construction and well intervention services, and three ROV support vessels under long-term charter: the *Grand Canyon*, the *Grand Canyon II* and the *Grand Canyon III*. Our Production Facilities segment includes the *HP I*, the HFRS, our ownership interest in Independence Hub (Note 4) and our ownership of certain oil and gas properties that we acquired from Marathon Oil in January 2019 (Note 13). All material intercompany transactions between the segments have been eliminated.

We evaluate our performance based on operating income of each reportable segment. Certain financial data by reportable segment are summarized as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net revenues —				
Well Intervention	$ 159,074	$ 161,759	$ 281,305	$ 291,328
Robotics	45,446	39,060	84,487	66,229
Production Facilities	15,621	16,343	30,874	32,664
Intercompany eliminations	(18,413)	(12,537)	(28,115)	(21,334)
Total	$ 201,728	$ 204,625	$ 368,551	$ 368,887
Income (loss) from operations —				
Well Intervention	$ 26,672	$ 34,470	$ 36,313	$ 48,347
Robotics	2,949	(4,102)	(955)	(18,419)
Production Facilities	4,452	6,866	8,857	14,225
Segment operating income	34,073	37,234	44,215	44,153
Corporate, eliminations and other	(11,001)	(12,462)	(20,874)	(20,497)
Total	$ 23,072	$ 24,772	$ 23,341	$ 23,656

Intercompany segment amounts are derived primarily from equipment and services provided to other business segments at rates consistent with those charged to third parties. Intercompany segment revenues are as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Well Intervention (1)	$ 9,812	$ 4,215	$ 13,037	$ 6,167
Robotics	8,601	8,322	15,078	15,167
Total	$ 18,413	$ 12,537	$ 28,115	$ 21,334

(1) Amounts in 2019 include $5.3 million associated with P&A work that commenced on one of the Droshky wells for our Production Facilities segment (Notes 2 and 13). Upon completion of the P&A work Marathon Oil is contractually obligated to remit payment to us, which is reflected in “Other receivable” in the accompanying condensed consolidated balance sheet (Note 3).

Segment assets are comprised of all assets attributable to each reportable segment. Corporate and other includes all assets not directly identifiable with our business segments, most notably the majority of our cash and cash equivalents. The following table reflects total assets by reportable segment (in thousands):

	June 30, 2019	December 31, 2018
Well Intervention	$ 2,111,752	$ 1,916,638
Robotics	187,401	147,602
Production Facilities	177,230	120,845
Corporate and other	143,839	162,645
Total	$ 2,620,222	$ 2,347,730

Note 13 — Asset Retirement Obligations

Our asset retirement obligations ("AROs") consist of estimated costs for subsea infrastructure P&A activities. The estimated costs are discounted to present value using a credit-adjusted risk-free discount rate. After its initial recognition, an ARO liability is increased for the passage of time as accretion expense, which is a component of our depreciation and amortization expense. An ARO liability may also change based on revisions in estimated costs and/or timing to settle the obligations.

The following table describes the changes in our AROs (both current and long-term) (in thousands):

AROs at January 1, 2019	$ —
Liability incurred during the period (1)	53,294
Liability settled during the period	(5,327)
Accretion expense	1,118
AROs at June 30, 2019	$ 49,085

(1) In connection with the acquisition on January 18, 2019 of certain assets related to the Droshky Prospect (Note 2), we assumed the AROs for the required P&A of those assets in exchange for agreed-upon amounts to be paid by Marathon Oil as the P&A work is completed. We initially recognized $53.3 million of ARO liability, $50.8 million of receivables and $2.5 million of acquired property for this transaction.

Note 14 — Commitments and Contingencies and Other Matters

Commitments

We have long-term charter agreements with Siem Offshore AS ("Siem") for the *Siem Helix 1* and *Siem Helix 2* vessels used in connection with our contracts with Petróleo Brasileiro S.A. ("Petrobras") to perform well intervention work offshore Brazil. The initial term of the charter agreements with Siem is for seven years from the respective vessel delivery dates with options to extend. We have long-term charter agreements for the *Grand Canyon*, *Grand Canyon II* and *Grand Canyon III* vessels for use in our robotics operations. The charter agreements expire in October 2019 for the *Grand Canyon*, in April 2021 for the *Grand Canyon II* and in May 2023 for the *Grand Canyon III*.

In September 2013, we entered into a contract for the construction of a newbuild semi-submersible well intervention vessel, the *Q7000*, to be built to North Sea standards. Pursuant to the contract and subsequent amendments, 20% of the contract price was paid upon the signing of the contract, 20% was paid in each of 2016, 2017 and 2018, and the remaining 20% is due upon the delivery of the vessel, which at our option can be deferred until December 31, 2019. We are also contractually committed to reimburse the shipyard for its costs in connection with the deferment of the *Q7000*'s delivery beyond 2017. At June 30, 2019, our total investment in the *Q7000* was $427.4 million, including $276.8 million of installment payments to the shipyard. Currently, equipment is being installed for the completion of the vessel.

Contingencies and Claims

We believe that there are currently no contingencies that would have a material adverse effect on our financial position, results of operations and cash flows.

Litigation

We are involved in various legal proceedings, some involving claims for personal injury under the General Maritime Laws of the United States and the Jones Act. In addition, from time to time we receive other claims, such as contract and employment-related disputes, in the normal course of business.

Note 15 — Statement of Cash Flow Information

We define cash and cash equivalents as cash and all highly liquid financial instruments with original maturities of three months or less. The following table provides supplemental cash flow information (in thousands):

	Six Months Ended June 30,	
	2019	**2018**
Interest paid, net of interest capitalized	$ 1,478	$ 3,783
Income taxes paid	5,478	3,651

Our non-cash investing activities include the acquisition of property and equipment for which payment has not been made. These non-cash capital additions totaled $10.2 million at June 30, 2019 and $9.9 million at December 31, 2018.

Note 16 — Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value accounting rules establish a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1 — Observable inputs such as quoted prices in active markets;
- Level 2 — Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3 — Unobservable inputs for which there is little or no market data, which require the reporting entity to develop its own assumptions.

Assets and liabilities measured at fair value are based on one or more of three valuation approaches as follows:

(a) Market Approach — Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
(b) Cost Approach — Amount that would be required to replace the service capacity of an asset (replacement cost).
(c) Income Approach — Techniques to convert expected future cash flows to a single present amount based on market expectations (including present value techniques, option-pricing and excess earnings models).

Our financial instruments include cash and cash equivalents, receivables, accounts payable, long-term debt and derivative instruments. The carrying amount of cash and cash equivalents, trade and other current receivables as well as accounts payable approximates fair value due to the short-term nature of these instruments. The fair value of our derivative instruments (Note 17) reflects our best estimate and is based upon exchange or over-the-counter quotations whenever they are available. Quoted valuations may not be available due to location differences or terms that extend beyond the period for which quotations are available. Where quotes are not available, we utilize other valuation techniques or models to estimate market values. These modeling techniques require us to make estimations of future prices, price correlation, volatility and liquidity based on market data. Our actual results may differ from our estimates, and these differences could be positive or negative. The following tables provide additional information relating to those financial instruments measured at fair value on a recurring basis (in thousands):

	Fair Value at June 30, 2019				Valuation Approach
	Level 1	Level 2	Level 3	Total	
Assets:					
Interest rate swaps	$ —	$ 253	$ —	$ 253	(c)
Liabilities:					
Foreign exchange contracts — hedging instruments	—	2,006	—	2,006	(c)
Foreign exchange contracts — non-hedging instruments	—	2,245	—	2,245	(c)
Total net liability	$ —	$ 3,998	$ —	$ 3,998	

	Fair Value at December 31, 2018				Valuation Approach
	Level 1	Level 2	Level 3	Total	
Assets:					
Interest rate swaps	$ —	$ 1,064	$ —	$ 1,064	(c)
Liabilities:					
Foreign exchange contracts — hedging instruments	—	6,211	—	6,211	(c)
Foreign exchange contracts — non-hedging instruments	—	3,984	—	3,984	(c)
Total net liability	$ —	$ 9,131	$ —	$ 9,131	

The principal amount and estimated fair value of our long-term debt are as follows (in thousands):

	June 30, 2019		December 31, 2018	
	Principal Amount (1)	Fair Value (2) (3)	Principal Amount (1)	Fair Value (2) (3)
Term Loan (previously scheduled to mature June 2020)	$ —	$ —	$ 33,693	$ 33,314
Term Loan (matures December 2021)	35,000	35,000	—	—
Nordea Q5000 Loan (matures April 2020)	107,143	107,277	125,000	122,500
MARAD Debt (matures February 2027)	67,081	72,955	70,468	74,406
2022 Notes (mature May 2022)	125,000	126,250	125,000	114,298
2023 Notes (mature September 2023)	125,000	152,656	125,000	114,688
Total debt	$ 459,224	$ 494,138	$ 479,161	$ 459,206

(1) Principal amount includes current maturities and excludes the related unamortized debt discount and debt issuance costs. See Note 6 for additional disclosures on our long-term debt.

(2) The estimated fair value of the 2022 Notes and the 2023 Notes was determined using Level 1 fair value inputs under the market approach. The fair value of the term loans, the Nordea Q5000 Loan and the MARAD Debt was estimated using Level 2 fair value inputs under the market approach, which was determined using a third party evaluation of the remaining average life and outstanding principal balance of the indebtedness as compared to other obligations in the marketplace with similar terms.

(3) The principal amount and fair value of the 2022 Notes and the 2023 Notes are for the entire instrument inclusive of the conversion feature reported in shareholders' equity.

Note 17 — Derivative Instruments and Hedging Activities

Our business is exposed to market risks associated with interest rates and foreign currency exchange rates. Our risk management activities involve the use of derivative financial instruments to hedge the impact of market risk exposure related to variable interest rates and foreign currency exchange rates. To reduce the impact of these risks on earnings and increase the predictability of our cash flows, from time to time we enter into certain derivative contracts, including interest rate swaps and foreign currency exchange contracts. All derivative instruments are reflected in the accompanying condensed consolidated balance sheets at fair value.

We engage solely in cash flow hedges. Cash flow hedges are entered into to hedge the variability of cash flows related to a forecasted transaction or to be received or paid related to a recognized asset or liability. Changes in the fair value of derivative instruments that are designated as cash flow hedges are reported in OCI. These changes are subsequently reclassified into earnings when the hedged transactions affect earnings. Changes in the fair value of a derivative instrument that does not qualify for hedge accounting are recorded in earnings in the period in which the change occurs.

For additional information regarding our accounting for derivative instruments and hedging activities, see Notes 2 and 18 to our 2018 Form 10-K.

Interest Rate Risk

From time to time, we enter into interest rate swaps to stabilize cash flows related to our long-term variable interest rate debt. In June 2015 we entered into interest rate swap contracts to fix the interest rate on $187.5 million of the Nordea Q5000 Loan (Note 6). These swap contracts, which are settled monthly, began in June 2015 and extend through April 2020. Our interest rate swap contracts qualify for cash flow hedge accounting treatment. Changes in the fair value of interest rate swaps are reported in accumulated OCI (net of tax). These changes are subsequently reclassified into earnings when the anticipated interest is recognized as interest expense.

Foreign Currency Exchange Rate Risk

Because we operate in various regions around the world, we conduct a portion of our business in currencies other than the U.S. dollar. We enter into foreign currency exchange contracts from time to time to stabilize expected cash outflows related to our vessel charters that are denominated in foreign currencies.

In February 2013, we entered into foreign currency exchange contracts to hedge our foreign currency exposure associated with the *Grand Canyon II* and *Grand Canyon III* charter payments denominated in Norwegian kroner through July 2019 and February 2020, respectively. Unrealized losses associated with our foreign currency exchange contracts that qualify for hedge accounting treatment are included in accumulated OCI (net of tax). Changes in unrealized losses associated with the foreign currency exchange contracts that are not designated as cash flow hedges are reflected in "Other expense, net" in the accompanying condensed consolidated statements of operations.

Quantitative Disclosures Relating to Derivative Instruments

The following table presents the balance sheet location and fair value of our derivative instruments that were designated as hedging instruments (in thousands):

	June 30, 2019		December 31, 2018	
	Balance Sheet Location	**Fair Value**	**Balance Sheet Location**	**Fair Value**
Asset Derivative Instruments:				
Interest rate swaps	Other current assets	$ 253	Other current assets	$ 863
Interest rate swaps	Other assets, net	—	Other assets, net	201
		$ 253		$ 1,064
Liability Derivative Instruments:				
Foreign exchange contracts	Accrued liabilities	$ 2,006	Accrued liabilities	$ 5,857
Foreign exchange contracts	Other non-current liabilities	—	Other non-current liabilities	354
		$ 2,006		$ 6,211

The following table presents the balance sheet location and fair value of our derivative instruments that were not designated as hedging instruments (in thousands):

	June 30, 2019		December 31, 2018	
	Balance Sheet Location	**Fair Value**	**Balance Sheet Location**	**Fair Value**
Liability Derivative Instruments:				
Foreign exchange contracts	Accrued liabilities	$ 2,245	Accrued liabilities	$ 3,454
Foreign exchange contracts	Other non-current liabilities	—	Other non-current liabilities	530
		$ 2,245		$ 3,984

The following tables present the impact that derivative instruments designated as hedging instruments had on our accumulated OCI (net of tax) and our condensed consolidated statements of operations (in thousands). We estimate that as of June 30, 2019, $1.4 million of net losses in accumulated OCI associated with our derivative instruments is expected to be reclassified into earnings within the next 12 months.

	Unrealized Gain (Loss) Recognized in OCI			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Foreign exchange contracts	$ (24)	$ (1,459)	$ (58)	$ 129
Interest rate swaps	(254)	233	(369)	798
	$ (278)	$ (1,226)	$ (427)	$ 927

	Location of Gain (Loss) Reclassified from Accumulated OCI into Earnings	Gain (Loss) Reclassified from Accumulated OCI into Earnings			
		Three Months Ended June 30,		Six Months Ended June 30,	
		2019	2018	2019	2018
Foreign exchange contracts	Cost of sales	$ (2,185)	$ (1,925)	$ (4,263)	$ (3,581)
Interest rate swaps	Net interest expense	210	118	442	147
		$ (1,975)	$ (1,807)	$ (3,821)	$ (3,434)

The following table presents the impact that derivative instruments not designated as hedging instruments had on our condensed consolidated statements of operations (in thousands):

	Location of Gain (Loss) Recognized in Earnings	Gain (Loss) Recognized in Earnings			
		Three Months Ended June 30,		Six Months Ended June 30,	
		2019	2018	2019	2018
Foreign exchange contracts	Other expense, net	$ (2)	$ (787)	$ (42)	$ 57
		$ (2)	$ (787)	$ (42)	$ 57

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

FORWARD-LOOKING STATEMENTS AND ASSUMPTIONS

This Quarterly Report on Form 10-Q contains various statements that contain forward-looking information regarding Helix Energy Solutions Group, Inc. and represent our expectations and beliefs concerning future events. This forward-looking information is intended to be covered by the safe harbor for "forward-looking statements" provided by the Private Securities Litigation Reform Act of 1995 as set forth in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements included herein or incorporated herein by reference that are predictive in nature, that depend upon or refer to future events or conditions, or that use terms and phrases such as "achieve," "anticipate," "believe," "estimate," "budget," "expect," "forecast," "plan," "project," "propose," "strategy," "predict," "envision," "hope," "intend," "will," "continue," "may," "potential," "should," "could" and similar terms and phrases are forward-looking statements. Included in forward-looking statements are, among other things:

- statements regarding our business strategy and any other business plans, forecasts or objectives, any or all of which are subject to change;
- statements regarding projections of revenues, gross margins, expenses, earnings or losses, working capital, debt and liquidity, or other financial items;
- statements regarding our backlog and commercial contracts and rates thereunder;
- statements regarding our ability to enter into and/or perform commercial contracts, including the scope, timing and outcome of those contracts;
- statements regarding the acquisition, construction, completion, upgrades to or maintenance of vessels, systems or equipment and any anticipated costs or downtime related thereto, including the construction, completion and mobilization of the *Q7000*;
- statements regarding any financing transactions or arrangements, or our ability to enter into such transactions or arrangements;
- statements regarding potential legislative, governmental, regulatory, administrative or other public body actions, requirements, permits or decisions;
- statements regarding our trade receivables and their collectability;
- statements regarding potential developments, industry trends, performance or industry ranking;
- statements regarding general economic or political conditions, whether international, national or in the regional or local markets in which we do business;
- statements regarding our ability to retain our senior management and other key employees;
- statements regarding the underlying assumptions related to any projection or forward-looking statement; and
- any other statements that relate to non-historical or future information.

Although we believe that the expectations reflected in our forward-looking statements are reasonable and are based on reasonable assumptions, they do involve risks, uncertainties and other factors that could cause actual results to be materially different from those in the forward-looking statements. These factors include:

- the impact of domestic and global economic conditions and the future impact of such conditions on the oil and gas industry and the demand for our services;
- the impact of oil and gas price fluctuations and the cyclical nature of the oil and gas industry;
- the impact of any potential cancellation, deferral or modification of our work or contracts by our customers;
- the ability to effectively bid and perform our contracts, including the impact of equipment problems or failure;
- the impact of the imposition by our customers of rate reductions, fines and penalties with respect to our operating assets;
- unexpected future capital expenditures, including the amount and nature thereof;
- the effectiveness and timing of completion of our vessel and/or system upgrades and major maintenance items;
- unexpected delays in the delivery, chartering or customer acceptance, and terms of acceptance, of our assets;
- the effects of our indebtedness and our ability to reduce capital commitments;
- the results of our continuing efforts to control costs and improve performance;
- the success of our risk management activities;
- the effects of competition;

- the availability of capital (including any financing) to fund our business strategy and/or operations;
- the impact of current and future laws and governmental regulations, including tax and accounting developments, such as the 2017 Tax Act;
- the impact of the U.K. to potentially exit the European Union, known as Brexit, on our business, operations and financial condition, which is unknown at this time;
- the effect of adverse weather conditions and/or other risks associated with marine operations;
- the impact of foreign currency exchange controls and exchange rate fluctuations;
- the effectiveness of our current and future hedging activities;
- the potential impact of a loss of one or more key employees; and
- the impact of general, market, industry or business conditions.

Our actual results could differ materially from those anticipated in any forward-looking statements as a result of a variety of factors, including those described in Item 1A. “Risk Factors” in our 2018 Form 10-K. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these risk factors. Forward-looking statements are only as of the date they are made, and other than as required under the securities laws, we assume no obligation to update or revise these forward-looking statements or provide reasons why actual results may differ.

EXECUTIVE SUMMARY

Business Strategy

We are an international offshore energy services company that provides specialty services to the offshore energy industry, with a focus on well intervention and robotics operations. We believe that focusing on these services should deliver favorable long-term financial returns. From time to time, we may make strategic investments that expand our service capabilities and/or the regions in which we operate, or add capacity to existing services in our key operating regions. We expect our well intervention fleet to expand with the completion and delivery in 2019 of the *Q7000*, a newbuild semi-submersible vessel. Chartering newer vessels with additional capabilities, such as the three *Grand Canyon* vessels, should enable our robotics business to better serve the needs of our customers. From a longer-term perspective we also expect to benefit from our fixed fee agreement for the *HP I*, a dynamically positioned floating production vessel that processes production from the Phoenix field for the field operator until at least June 1, 2023. With the acquisition of certain oil and gas properties from Marathon Oil in January 2019, we expect improved utilization of our well intervention fleet in the Gulf of Mexico as we perform the P&A of the acquired assets as our schedule permits, subject to regulatory timelines.

In January 2015, Helix, OneSubsea LLC, OneSubsea B.V., Schlumberger Technology Corporation, Schlumberger B.V. and Schlumberger Oilfield Holdings Ltd. entered into a Strategic Alliance Agreement and related agreements for the parties to design, develop, manufacture, promote, market and sell on a global basis integrated equipment and services for subsea well intervention. The alliance leverages the parties’ capabilities to provide a unique, fully integrated offering to clients, combining marine support with well access and control technologies. We and OneSubsea jointly developed a 15,000 working p.s.i. intervention riser system (“15K IRS”), each owning a 50% interest. The 15K IRS was completed and placed into service in January 2018. In October 2016, we and OneSubsea launched the development of our first Riserless Open-water Abandonment Module (“ROAM”), each owning a 50% interest. The ROAM is expected to be available in 2019.

Economic Outlook and Industry Influences

Demand for our services is primarily influenced by the condition of the oil and gas industry, and in particular, the willingness of oil and gas companies to spend on operational activities and capital projects. The performance of our business is also largely dependent on the prevailing market prices for oil and natural gas, which are impacted by domestic and global economic conditions, hydrocarbon production and capacity, geopolitical issues, weather, and several other factors, including:

- worldwide economic activity and general economic and business conditions, including available access to global capital and capital markets;
- the global supply and demand for oil and natural gas;
- political and economic uncertainty and geopolitical unrest, including regional conflicts and economic and political conditions in the Middle East and other oil-producing regions;
- actions taken by the Organization of Petroleum Exporting Countries;

- the availability and discovery rate of new oil and natural gas reserves in offshore areas;
- the exploration and production of onshore shale oil and natural gas;
- the cost of offshore exploration for and production and transportation of oil and natural gas;
- the level of excess production capacity;
- the ability of oil and gas companies to generate funds or otherwise obtain external capital for capital projects and production operations;
- the sale and expiration dates of offshore leases in the United States and overseas;
- technological advances affecting energy exploration, production, transportation and consumption;
- potential acceleration of the development of alternative fuels;
- shifts in end-customer preferences toward fuel efficiency and the use of natural gas;
- weather conditions and natural disasters;
- environmental and other governmental regulations; and
- domestic and international tax laws, regulations and policies.

West Texas Intermediate oil prices have been volatile, fluctuating between mid-$40 and mid-$60 per barrel throughout the first half of 2019. Volatility in oil prices and imbalance in the supply and demand for oil create uncertainty in oil and gas exploration and production activities. For instance, an increase in oil and gas exploration and production activities (shale oil production in particular) is expected when major oil producing countries including the United States increase output as a result of rising oil prices. Increased supply without adequate levels of increase in demand, however, may weaken oil prices and industry prospects. The resulting industry environment may discourage oil and gas companies from making longer-term investments in offshore exploration and production as well as other offshore operational activities. Increased competition for limited offshore oil and gas projects has driven down rates that drilling rig contractors are charging for their services, which affects us, as drilling rigs historically have been the asset class used for intervention work. This rig overhang combined with lower volumes of work continues to affect the utilization and/or rates we can achieve for our assets. Volatile and uncertain macroeconomic conditions in some regions and countries around the world, such as West Africa, Brazil and the U.K. following Brexit, may have a direct and/or indirect impact on our existing contracts and contracting opportunities and may introduce further currency volatility into our operations and/or financial results.

Many oil and gas companies are increasingly focusing on optimizing production of their existing subsea wells. We believe that we have a competitive advantage in terms of performing well intervention services efficiently. Furthermore, we believe that as oil and gas companies begin to increase overall spending levels, it will likely be weighted towards production enhancement activities rather than exploration projects. Our well intervention and robotics operations are intended to service the life span of an oil and gas field as well as to provide P&A services at the end of the life of a field as required by governmental regulations. Thus, we believe that fundamentals for our business remain favorable over the longer term as the need for prolongation of well life in oil and gas production is a primary driver of demand for our services.

Our current strategy is to be positioned for future recovery while managing through a sustained period of weak activity. This strategy is based on the following factors: (1) the need to extend the life of subsea wells is significant to the commercial viability of the wells as P&A costs are considered; (2) our services offer commercially viable alternatives for reducing the finding and development costs of reserves as compared to new drilling as well as extending and enhancing the commercial life of subsea wells; and (3) in past cycles, well intervention and workover have been some of the first activities to recover, and in a prolonged market downturn are important to the commercial viability of deepwater wells. We could see the beginnings of an upturn in the demand for our services in the Gulf of Mexico, which are primarily driven by three factors: (1) long-term rig contracts are not being renewed thus removing some of the rig overhang that was considered by our customers to be a sunk cost; (2) previously deferred work on aging wells is less likely to be further deferred as well performance declines; and (3) North America customer spending shifts from unconventional onshore oil and gas to conventional offshore development and enhancement as returns from onshore investment opportunities diminish.

Business Activity Summary

On January 16, 2019, we renewed the agreements that provide various operators with access to the HFRS for well control purposes through March 31, 2020 on newly agreed-upon rates and terms. These agreements automatically renew on an annual basis absent proper notice of termination by one of the parties.

On January 18, 2019, we acquired from Marathon Oil several wells and related infrastructure associated with the Droshky Prospect located in offshore Gulf of Mexico Green Canyon Block 244. As part of the transaction, Marathon Oil will pay us agreed-upon amounts for the required P&A of the acquired assets, which we can perform as our schedule permits, subject to regulatory timelines. There is limited production associated with two wells that were acquired as part of the transaction.

On May 29, 2019, we acquired a 70% controlling interest in STL, an Aberdeen-based subsea engineering company that specializes in the design and manufacture of subsea pressure control equipment, including well intervention, well control and subsea control systems.

RESULTS OF OPERATIONS

We have three reportable business segments: Well Intervention, Robotics and Production Facilities. All material intercompany transactions between the segments have been eliminated in our condensed consolidated financial statements, including our consolidated results of operations.

We seek to provide services and methodologies that we believe are critical to maximizing production economics. Our services cover the lifecycle of an offshore oil or gas field. We provide services primarily in deepwater in the Gulf of Mexico, Brazil, North Sea, Asia Pacific and West Africa regions. In addition to serving the oil and gas market, our Robotics assets are contracted for the development of renewable energy projects (wind farms). As of June 30, 2019, our consolidated backlog that is supported by written agreements or contracts totaled $1.0 billion, of which $281 million is expected to be performed over the remainder of 2019. The substantial majority of our backlog is associated with our Well Intervention business segment. As of June 30, 2019, our well intervention backlog was $0.7 billion, including $209 million expected to be performed over the remainder of 2019. Our contract with BP to provide well intervention services with our *Q5000* semi-submersible vessel, our agreements with Petrobras to provide well intervention services offshore Brazil with the *Siem Helix 1* and *Siem Helix 2* chartered vessels, and our fixed fee agreement for the *HP I* represent approximately 86% of our total backlog as of June 30, 2019. Backlog is not necessarily a reliable indicator of revenues derived from these contracts as services may be added or subtracted; contracts may be renegotiated, deferred, canceled and in many cases modified while in progress; and reduced rates, fines and penalties may be imposed by our customers. Furthermore, our contracts are in certain cases cancelable without penalty. If there are cancellation fees, the amount of those fees can be substantially less than the rates we would have generated had we performed the contract.

Non-GAAP Financial Measures

A non-GAAP financial measure is generally defined by the SEC as a numerical measure of a company’s historical or future performance, financial position or cash flows that includes or excludes amounts from the most directly comparable measure under GAAP. Non-GAAP financial measures should be viewed in addition to, and not as an alternative to, our reported results prepared in accordance with GAAP. Users of this financial information should consider the types of events and transactions that are excluded from these measures.

We measure our operating performance based on EBITDA and free cash flow. EBITDA and free cash flow are non-GAAP financial measures that are commonly used but are not recognized accounting terms under GAAP. We use EBITDA and free cash flow to monitor and facilitate internal evaluation of the performance of our business operations, to facilitate external comparison of our business results to those of others in our industry, to analyze and evaluate financial and strategic planning decisions regarding future investments and acquisitions, to plan and evaluate operating budgets, and in certain cases, to report our results to the holders of our debt as required by our debt covenants. We believe that our measures of EBITDA and free cash flow provide useful information to the public regarding our operating performance and ability to service debt and fund capital expenditures and may help our investors understand and compare our results to other companies that have different financing, capital and tax structures.

We define EBITDA as earnings before income taxes, net interest expense, gain or loss on extinguishment of long-term debt, net other income or expense, and depreciation and amortization expense. To arrive at our measure of Adjusted EBITDA, we exclude the gain or loss on disposition of assets, if any. In addition, we include realized losses from foreign currency exchange contracts not designated as hedging instruments and other than temporary loss on note receivable, which are excluded from EBITDA as a component of net other income or expense. We define free cash flow as cash flows from operating activities less capital expenditures, net of proceeds from sale of assets. In the following reconciliation, we provide amounts as reflected in our accompanying condensed consolidated financial statements unless otherwise footnoted.

Other companies may calculate their measures of EBITDA, Adjusted EBITDA and free cash flow differently from the way we do, which may limit their usefulness as comparative measures. EBITDA, Adjusted EBITDA and free cash flow should not be considered in isolation or as a substitute for, but instead are supplemental to, income from operations, net income, cash flows from operating activities, or other income or cash flow data prepared in accordance with GAAP. The reconciliation of our net income to EBITDA and Adjusted EBITDA is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	**2018**	**2019**	**2018**
Net income	$ 16,823	$ 17,784	$ 18,141	$ 15,224
Adjustments:				
Income tax provision	2,876	298	3,200	385
Net interest expense	2,205	3,599	4,303	7,495
Loss on extinguishment of long-term debt	18	76	18	1,181
Other expense, net	1,311	3,441	145	2,516
Depreciation and amortization	28,003	27,877	56,512	55,659
EBITDA	51,236	53,075	82,319	82,460
Adjustments:				
Realized losses from foreign exchange contracts not designated as hedging instruments	(912)	(806)	(1,781)	(1,496)
Other than temporary loss on note receivable	—	—	—	(1,129)
Adjusted EBITDA	$ 50,324	$ 52,269	$ 80,538	$ 79,835

The reconciliation of our cash flows from operating activities to free cash flow is as follows (in thousands):

	Six Months Ended June 30,	
	2019	**2018**
Cash flows from operating activities	$ 32,561	$ 87,666
Less: Capital expenditures, net of proceeds from sale of assets	(24,933)	(41,969)
Free cash flow	$ 7,628	$ 45,697

Comparison of Three Months Ended June 30, 2019 and 2018

The following table details various financial and operational highlights for the periods presented (dollars in thousands):

	Three Months Ended June 30,		Increase/ (Decrease)	
	2019	2018	Amount	Percent
Net revenues —				
Well Intervention	$ 159,074	$ 161,759	$ (2,685)	(2)%
Robotics	45,446	39,060	6,386	16 %
Production Facilities	15,621	16,343	(722)	(4)%
Intercompany eliminations	(18,413)	(12,537)	(5,876)	
	$ 201,728	$ 204,625	$ (2,897)	(1)%
Gross profit (loss) —				
Well Intervention	$ 30,237	$ 38,033	$ (7,796)	(20)%
Robotics	5,137	(1,485)	6,622	(3)
Production Facilities	4,900	6,994	(2,094)	(30)%
Corporate, eliminations and other	(340)	(645)	305	
	$ 39,934	$ 42,897	$ (2,963)	(7)%
Gross margin —				
Well Intervention	19%	24%		
Robotics	11%	(4)%		
Production Facilities	31%	43%		
Total company	20%	21%		
Number of vessels or robotics assets (1) / Utilization (2)				
Well Intervention vessels	6/94%	6/88%		
Robotics assets	51/41%	55/38%		
Chartered robotics vessels	4/92%	5/70%		

(1) Represents the number of vessels or robotics assets as of the end of the period, including vessels under both short-term and long-term charters, and excluding acquired vessels prior to their in-service dates and vessels disposed of and/or taken out of service.

(2) Represents the average utilization rate, which is calculated by dividing the total number of days the vessels or robotics assets generated revenues by the total number of available calendar days in the applicable period. The average utilization rates of chartered robotics vessels during the three-month periods ended June 30, 2019 and 2018 include 24 and 54 spot vessel days, respectively, at near full utilization.

(3) Percent calculation not meaningful.

Intercompany segment amounts are derived primarily from equipment and services provided to other business segments at rates consistent with those charged to third parties. Intercompany segment revenues are as follows (in thousands):

	Three Months Ended June 30,		Increase/ (Decrease)
	2019	2018	
Well Intervention	$ 9,812	$ 4,215	$ 5,597
Robotics	8,601	8,322	279
	$ 18,413	$ 12,537	$ 5,876

Net Revenues. Our total net revenues decreased by 1% for the three-month period ended June 30, 2019 as compared to the same period in 2018 as a result of lower revenues in our Well Intervention and Production Facilities business segments and higher intercompany eliminations, partially offset by higher revenues in our Robotics business segment.

Our Well Intervention revenues decreased by 2% for the three-month period ended June 30, 2019 as compared to the same period in 2018 reflecting lower revenues generated from our well intervention operations in the North Sea, partially offset by slight increases in revenues in the Gulf of Mexico and Brazil. The decrease in revenues in the North Sea was primarily attributable to lower coiled tubing revenue and a weaker British pound as compared to the second quarter of 2018. In the Gulf of Mexico, the *Q4000* and the *Q5000* both had higher revenues due to higher utilization. However, *Q4000* revenue includes $5.3 million associated with P&A work that commenced on one of the Droshky wells for our Production Facilities segment. Although this amount was eliminated in our consolidated revenues, upon completion of the P&A work Marathon Oil is contractually obligated to remit payment to us, which is reflected in “Other receivable” in the accompanying condensed consolidated balance sheet. Revenue increases from the *Q4000* and the *Q5000* were partially offset by lower revenues from IRS rentals. The increase in revenues in Brazil was primarily a result of the *Siem Helix 1* achieving 99% utilization during the second quarter of 2019 as compared to 92% during the same period in 2018.

Robotics revenues increased by 16% for the three-month period ended June 30, 2019 as compared to the same period in 2018. The increase primarily reflects higher utilization of our chartered vessels, which increased to 92% during the second quarter of 2019 as compared to 70% during the same period in 2018.

Our Production Facilities revenues decreased by 4% for the three-month period ended June 30, 2019 as compared to the same period in 2018 primarily reflecting lower revenues from the HFRS during the second quarter of 2019, offset in part by production revenues from the oil and gas properties that we acquired from Marathon Oil in January 2019 (Note 2).

The increase in intercompany eliminations was primarily a result of the $5.3 million in revenue our Well Intervention business segment earned associated with its commencement of P&A work on behalf of our Production Facilities segment.

Gross Profit (Loss). Our total gross profit decreased by 7% for the three-month period ended June 30, 2019 as compared to the same period in 2018 reflecting lower gross profit in our Well Intervention and Production Facilities business segments, offset in part by improvements in our Robotics business segment.

The gross profit related to our Well Intervention segment decreased by 20% for the three-month period ended June 30, 2019 as compared to the same period in 2018 primarily as a result of higher costs on integrated services and lower IRS rental unit utilization in the Gulf of Mexico as well as reduced operating results due to lower coiled tubing revenue in the North Sea.

Our Robotics segment achieved a gross profit of $5.1 million for the three-month period ended June 30, 2019 as compared to a gross loss of $1.5 million for the same period in 2018 primarily reflecting an increase in long-term charter vessel utilization and higher trenching revenues with increased utilization of our ROVs.

The gross profit related to our Production Facilities segment decreased by 30% for the three-month period ended June 30, 2019 as compared to the same period in 2018 primarily reflecting revenue decreases for the HFRS.

Selling, General and Administrative Expenses. Our selling, general and administrative expenses decreased by $1.3 million for the three-month period ended June 30, 2019 primarily as a result of decreased costs related to employee incentive compensation.

Net Interest Expense. Our net interest expense decreased by $1.4 million for the three-month period ended June 30, 2019 as compared to the same period in 2018 primarily reflecting higher capitalized interest. Interest on debt used to finance capital projects is capitalized and thus reduces overall interest expense. Capitalized interest totaled $5.2 million for the three-month period ended June 30, 2019 as compared to $3.8 million for the same period in 2018 as a result of the construction and completion of the *Q7000*.

Other Expense, Net. Net other expense decreased by $2.1 million for the three-month period ended June 30, 2019 as compared to the same period in 2018 primarily reflecting a $1.3 million decrease in foreign currency transaction losses and a $0.8 million net decrease in losses associated with our foreign currency exchange contracts that were not designated as cash flow hedges (Note 17).

Income Tax Provision. Income tax provision was $2.9 million for the three-month period ended June 30, 2019 as compared to $0.3 million for the same period in 2018. The effective tax rate was 14.6% for the three-month period ended June 30, 2019 as compared to 1.6% for the same period in 2018. The increases were primarily attributable to the earnings mix between our higher and lower tax rate jurisdictions (Note 7).

Comparison of Six Months Ended June 30, 2019 and 2018

The following table details various financial and operational highlights for the periods presented (dollars in thousands):

	Six Months Ended June 30,		Increase/ (Decrease)	
	2019	**2018**	**Amount**	**Percent**
Net revenues —				
Well Intervention	$ 281,305	$ 291,328	$ (10,023)	(3)%
Robotics	84,487	66,229	18,258	28 %
Production Facilities	30,874	32,664	(1,790)	(5)%
Intercompany eliminations	(28,115)	(21,334)	(6,781)	
	$ 368,551	$ 368,887	$ (336)	— %
Gross profit (loss) —				
Well Intervention	$ 43,747	$ 55,721	$ (11,974)	(21)%
Robotics	3,548	(13,383)	16,931	127 %
Production Facilities	9,671	14,451	(4,780)	(33)%
Corporate, eliminations and other	(778)	(909)	131	
	$ 56,188	$ 55,880	$ 308	1 %
Gross margin —				
Well Intervention	16%	19%		
Robotics	4%	(20)%		
Production Facilities	31%	44%		
Total company	15%	15%		
Number of vessels or robotics assets (1) / Utilization (2)				
Well Intervention vessels	6/84%	6/80%		
Robotics assets	51/40%	55/34%		
Chartered robotics vessels	4/90%	5/63%		

(1) Represents the number of vessels or robotics assets as of the end of the period, including vessels under both short-term and long-term charters, and excluding acquired vessels prior to their in-service dates and vessels disposed of and/or taken out of service.

(2) Represents the average utilization rate, which is calculated by dividing the total number of days the vessels or robotics assets generated revenues by the total number of available calendar days in the applicable period. The average utilization rates of chartered robotics vessels during the six-month periods ended June 30, 2019 and 2018 include 108 and 96 spot vessel days, respectively, at near full utilization.

Intercompany segment amounts are derived primarily from equipment and services provided to other business segments at rates consistent with those charged to third parties. Intercompany segment revenues are as follows (in thousands):

	Six Months Ended June 30,		
	2019	2018	Increase/ (Decrease)
Well Intervention	$ 13,037	$ 6,167	$ 6,870
Robotics	15,078	15,167	(89)
	$ 28,115	$ 21,334	$ 6,781

Net Revenues. Our total net revenues for the six-month period ended June 30, 2019 were consistent with those for the same period in 2018 with higher revenues in our Robotics business segment offset by revenue decreases in our Well Intervention and Production Facilities business segments and higher intercompany eliminations.

Our Well Intervention revenues decreased by 3% for the six-month period ended June 30, 2019 as compared to the same period in 2018, primarily reflecting lower revenues in the Gulf of Mexico and the North Sea, partially offset by higher revenues in Brazil. The decrease in revenues in the Gulf of Mexico was primarily attributable to a reduction in IRS rental revenues and a net reduction in integrated services revenue during the first half of 2019 as compared to the same period in 2018. *Q4000* revenue in the first half of 2019 includes $5.3 million associated with P&A work that commenced on one of the Droshky wells for our Production Facilities segment. Although this amount was eliminated in our consolidated revenues, upon completion of the P&A work Marathon Oil is contractually obligated to remit payment to us, which is reflected in “Other receivable” in the accompanying condensed consolidated balance sheet. The decrease in revenues in the North Sea primarily reflects lower coiled tubing revenues and a weaker British pound as compared to the same period in 2018. The increase in revenues In Brazil was primarily a result of both the *Siem Helix* 1 and the *Siem Helix* 2 improving their utilization during the first half of 2019.

Robotics revenues increased by 28% for the six-month period ended June 30, 2019 as compared to the same period in 2018. The increase primarily reflects higher trenching activities that contributed to increased utilization of ROV support vessels (from 63% during the first half of 2018 to 90% during the same period in 2019). Our ROVs also achieved higher utilization in the first half of 2019 as compared to the same period in 2018.

Our Production Facilities revenues decreased by 5% for the six-month period ended June 30, 2019 as compared to the same period in 2018 primarily reflecting lower revenues from the HFRS during the first half of 2019, offset in part by production revenues from the oil and gas properties that we acquired from Marathon Oil in January 2019 (Note 2).

The increase in intercompany eliminations was primarily a result of the $5.3 million in revenue our Well Intervention business segment earned associated with its commencement of P&A work on behalf of our Production Facilities segment.

Gross Profit (Loss). Our total gross profit increased by 1% for the six-month period ended June 30, 2019 as compared to the same period in 2018 reflecting improvements in our Robotics business segment, offset in part by lower gross profit in our Well Intervention and Production Facilities business segments.

The gross profit related to our Well Intervention business segment decreased by 21% for the six-month period ended June 30, 2019 as compared to the same period in 2018 primarily reflecting lower IRS rental unit utilization and higher integrated services costs in the Gulf of Mexico as well as reduced operating results in the North Sea, offset in part by improved operating results in Brazil.

Our Robotics segment achieved a gross profit of $3.5 million for the six-month period ended June 30, 2019 as compared to a gross loss of $13.4 million for the same period in 2018 primarily reflecting higher trenching revenues, with increased utilization for our ROV support vessels and ROVs, and a reduction in vessel charter costs.

The gross profit related to our Production Facilities segment decreased by 33% for the six-month period ended June 30, 2019 as compared to the same period in 2018 primarily reflecting revenue decreases for the HFRS.

Selling, General and Administrative Expenses. Our selling, general and administrative expenses increased by $0.6 million for the six-month period ended June 30, 2019 as compared to the same period in 2018. The increase was primarily as a result of increased costs related to employee incentive compensation.

Net Interest Expense. Our net interest expense decreased by $3.2 million for the six-month period ended June 30, 2019 as compared to the same period in 2018 primarily reflecting higher capitalized interest and a decrease in interest expense due to a reduction in our overall debt levels. Capitalized interest totaled $10.2 million for the six-month period ended June 30, 2019 as compared to $7.6 million for the same period in 2018 as a result of the construction and completion of the *Q7000*.

Loss on Extinguishment of Long-Term Debt. The $1.2 million loss for the six-month period ended June 30, 2018 was attributable to the write-off of the unamortized debt issuance costs related to the prepayment of $61 million of the Term Loan in March 2018 and costs associated with our repurchase of $59.3 million in aggregate principal amount of the 2032 Notes (Note 6).

Other Expense, Net. Net other expense decreased by $2.4 million for the six-month period ended June 30, 2019 as compared to the same period in 2018 primarily reflecting a $1.3 million decrease in foreign currency transaction losses. Net other expense for the six-month period ended June 30, 2018 also included a $1.1 million other than temporary loss on a note receivable.

Income Tax Provision. Income tax provision was $3.2 million for the six-month period ended June 30, 2019 as compared to $0.4 million for the same period in 2018. The increase was primarily attributable to the earnings mix between our higher and lower tax rate jurisdictions as well as increased profitability in the current year period. The effective tax rate was 15.0% for the six-month period ended June 30, 2019 as compared to 2.5% for the same period in 2018. The increase was primarily attributable to the earnings mix between our higher and lower tax rate jurisdictions (Note 7).

LIQUIDITY AND CAPITAL RESOURCES

Overview

The following table presents certain information useful in the analysis of our financial condition and liquidity (in thousands):

	June 30, 2019	December 31, 2018
Net working capital	$ 157,308	$ 259,440
Long-term debt [(1)]	307,455	393,063
Liquidity [(2)]	432,489	426,813

(1) Long-term debt does not include the current maturities portion of our long-term debt as that amount is included in net working capital. Long-term debt is also net of unamortized debt discount and debt issuance costs. See Note 6 for information relating to our long-term debt.

(2) Liquidity, as defined by us, is equal to cash and cash equivalents plus available capacity under the Revolving Credit Facility, which capacity is reduced by letters of credit drawn against that facility. Our liquidity at June 30, 2019 included cash and cash equivalents of $261.1 million and $171.3 million of available borrowing capacity under the Revolving Credit Facility (Note 6). Our liquidity at December 31, 2018 included cash and cash equivalents of $279.5 million and $147.4 million of available borrowing capacity under our then-existing revolving credit facility.

The carrying amount of our long-term debt, including current maturities, net of unamortized debt discount and debt issuance costs, is as follows (in thousands):

	June 30, 2019	December 31, 2018
Term Loan (previously scheduled to mature June 2020)	$ —	$ 33,321
Term Loan (matures December 2021)	34,523	—
Nordea Q5000 Loan (matures April 2020)	106,506	123,980
MARAD Debt (matures February 2027)	63,300	66,443
2022 Notes (mature May 2022) (1)	113,950	112,192
2023 Notes (mature September 2023) (2)	106,209	104,379
Total debt	$ 424,488	$ 440,315

(1) The 2022 Notes will increase to their face amount through accretion of the debt discount through May 1, 2022.

(2) The 2023 Notes will increase to their face amount through accretion of the debt discount through September 15, 2023.

The following table provides summary data from our condensed consolidated statements of cash flows (in thousands):

	Six Months Ended June 30,	
	2019	2018
Cash provided by (used in):		
Operating activities	$ 32,561	$ 87,666
Investing activities	(29,014)	(41,969)
Financing activities	(22,469)	(22,963)

Our current requirements for cash primarily reflect the need to fund capital spending for our current lines of business and to service our debt. Historically, we have funded our capital program with cash flows from operations, borrowings under credit facilities, and project financing, along with other debt and equity alternatives. As of June 30, 2019, the remaining principal balance of the Nordea Q5000 Loan was classified to current as its maturity date is April 30, 2020. We have the ability to fund the repayment of the Nordea Q5000 Loan when due with available borrowing capacity under the Revolving Credit Facility.

As a further response to the industry-wide spending reductions, we continue to remain focused on maintaining a strong balance sheet and adequate liquidity. Over the near term, we may seek to reduce, defer or cancel certain planned capital expenditures. We believe that our cash on hand, internally generated cash flows and availability under the Revolving Credit Facility will be sufficient to fund our operations over at least the next 12 months.

In accordance with the Credit Agreement, the 2022 Notes, the 2023 Notes, the MARAD Debt agreements and the Nordea Credit Agreement, we are required to comply with certain covenants, including with respect to the Credit Agreement, certain financial ratios such as a consolidated interest coverage ratio and various leverage ratios, as well as the maintenance of a minimum cash balance, net worth, working capital and debt-to-equity requirements. The Credit Agreement also contains provisions that limit our ability to incur certain types of additional indebtedness. These provisions effectively prohibit us from incurring any additional secured indebtedness or indebtedness guaranteed by us. The Credit Agreement does permit us to incur certain unsecured indebtedness and also provides for our subsidiaries to incur project financing indebtedness (such as the MARAD Debt and the Nordea Q5000 Loan) secured by the underlying asset, provided that such indebtedness is not guaranteed by us. The Credit Agreement also permits Unrestricted Subsidiaries to incur indebtedness provided that it is not guaranteed by us or any of our Restricted Subsidiaries (as defined in the Credit Agreement). As of June 30, 2019 and December 31, 2018, we were in compliance with all of the covenants in our long-term debt agreements.

A prolonged period of weak industry activity may make it difficult to comply with our covenants and the other restrictions in the agreements governing our debt. Furthermore, during any period of sustained weak economic activity and reduced EBITDA, our ability to fully access the Revolving Credit Facility may be impacted. At June 30, 2019, our available borrowing capacity under the Revolving Credit Facility, based on the applicable leverage ratio covenant, was $171.3 million, net of $3.7 million of letters of credit issued under that facility. We currently have no plans or forecasted requirements to borrow under the Revolving Credit Facility other than for the issuance of letters of credit. Our ability to comply with loan agreement covenants and other restrictions is affected by economic conditions and other events beyond our control. Our failure to comply with these covenants and other restrictions could lead to an event of default, the possible acceleration of our outstanding debt and the exercise of certain remedies by our lenders, including foreclosure against our collateral.

Subject to the terms and restrictions of the Credit Agreement, we may borrow and/or obtain letters of credit up to $25 million under the Revolving Credit Facility. See Note 6 for additional information relating to our long-term debt, including more information regarding the Credit Agreement and related covenants and collateral.

The 2022 Notes and the 2023 Notes can be converted into our common stock by the holders or redeemed by us prior to their stated maturity under certain circumstances specified in the applicable indenture governing the notes. We can settle any conversion in cash, shares of our common stock or a combination thereof.

We repurchased $59.3 million in aggregate principal amount of the 2032 Notes on March 20, 2018 and redeemed the remaining $0.8 million outstanding on May 4, 2018.

Operating Cash Flows

Total cash flows from operating activities decreased by $55.1 million for the six-month period ended June 30, 2019 as compared to the same period in 2018 primarily reflecting the timing of cash receipts from our customers during the first half of 2019 as well as higher regulatory certification costs for our vessels and systems, which included costs related to planned dry docks for three of our vessels.

Investing Activities

Capital expenditures represent cash paid principally for the acquisition, construction, completion, upgrade, modification and refurbishment of long-lived property and equipment such as dynamically positioned vessels, topside equipment and subsea systems. Capital expenditures also include interest on property and equipment under development. Significant sources (uses) of cash associated with investing activities are as follows (in thousands):

	Six Months Ended June 30,	
	2019	**2018**
Capital expenditures:		
Well Intervention	$ (26,621)	$ (41,756)
Robotics	(139)	(64)
Production Facilities	(109)	(104)
Other	(589)	(45)
STL acquisition, net	(4,081)	—
Proceeds from sale of assets	2,525	—
Net cash used in investing activities	$ (29,014)	$ (41,969)

Our capital expenditures have primarily included payments associated with the construction and completion of the *Q7000* (see below).

In September 2013, we entered into a contract for the construction of a newbuild semi-submersible well intervention vessel, the *Q7000*, to be built to North Sea standards. Pursuant to the contract and subsequent amendments, 20% of the contract price was paid upon the signing of the contract, 20% was paid in each of 2016, 2017 and 2018, and the remaining 20% is due upon the delivery of the vessel, which at our option can be deferred until December 31, 2019. We are also contractually committed to reimburse the shipyard for its costs in connection with the deferment of the *Q7000*'s delivery beyond 2017. At June 30, 2019, our total investment in the *Q7000* was $427.4 million, including $276.8 million of installment payments to the shipyard. Currently equipment is being installed for the completion of the vessel. We plan to incur approximately $80 million related to the *Q7000* over the remainder of 2019, including the final shipyard payment of $69.2 million.

Financing Activities

Cash flows from financing activities consist primarily of proceeds from debt and equity transactions and repayments of our long-term debt. Net cash outflows from financing activities of $22.5 million for the six-month period ended June 30, 2019 primarily reflect the repayment of $54.9 million of our indebtedness and $35 million in proceeds from the Term Loan (Note 6). Net cash outflows from financing activities of $23.0 million for the six-month period ended June 30, 2018 primarily reflect the repayment of $143.4 million of our indebtedness using cash and the net proceeds from the issuance in March 2018 of $125 million of the 2023 Notes (Note 6).

Free Cash Flow

Free cash flow decreased by $38.1 million for the six-month period ended June 30, 2019 as compared to the same period in 2018 primarily attributable to the decrease in operating cash flows, slightly offset by reduced capital expenditures in the first half of 2019.

Outlook

We anticipate that our capital expenditures, including capitalized interest and regulatory certification costs for our vessels and systems will approximate $145 million for 2019. We believe that cash on hand, internally generated cash flows and availability under the Revolving Credit Facility will provide the capital necessary to continue funding our 2019 capital obligations and to meet our debt obligations due in 2019. Our estimate of future capital expenditures may change based on various factors. We may seek to reduce the level of our planned capital expenditures given a prolonged industry downturn.

Contractual Obligations and Commercial Commitments

The following table summarizes our contractual cash obligations as of June 30, 2019 and the scheduled years in which the obligations are contractually due (in thousands):

	Total [1]	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Term Loan	$ 35,000	$ 3,500	$ 31,500	$ —	$ —
Nordea Q5000 Loan	107,143	107,143	—	—	—
MARAD Debt	67,081	7,027	15,124	16,672	28,258
2022 Notes [2]	125,000	—	125,000	—	—
2023 Notes [3]	125,000	—	—	125,000	—
Interest related to debt [4]	60,955	20,079	29,257	9,707	1,912
Property and equipment [5]	86,074	85,768	306	—	—
Operating leases [6]	452,755	118,039	198,346	128,283	8,087
Total cash obligations	$ 1,059,008	$ 341,556	$ 399,533	$ 279,662	$ 38,257

(1) Excludes unsecured letters of credit outstanding at June 30, 2019 totaling $3.7 million. These letters of credit may be issued to support various obligations, such as contractual obligations, contract bidding and insurance activities.

(2) Notes mature in May 2022. The 2022 Notes can be converted prior to their stated maturity if the closing price of our common stock for at least 20 days in the period of 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter exceeds $18.06 per share, which is 130% of the conversion price. At June 30, 2019, the conversion trigger was not met. See Note 6 for additional information.

(3) Notes mature in September 2023. The 2023 Notes can be converted prior to their stated maturity if the closing price of our common stock for at least 20 days in the period of 30 consecutive trading days ending on the last trading day of the preceding fiscal quarter exceeds $12.31 per share, which is 130% of the conversion price. At June 30, 2019, the conversion trigger was not met. See Note 6 for additional information.

(4) Interest payment obligations were calculated using stated coupon rates for fixed rate debt and interest rates applicable at June 30, 2019 for variable rate debt.

(5) Primarily reflects costs associated with the *Q7000*, which is currently under completion (Note 14).

(6) Operating leases include vessel charters and facility and equipment leases. At June 30, 2019, our commitment related to long-term vessel charters totaled approximately $410.8 million, of which $173.9 million is related to the non-lease (services) components that are not included in operating lease liabilities on our balance sheet.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our discussion and analysis of our financial condition and results of operations are based upon our condensed consolidated financial statements. We prepare these financial statements and related footnotes in conformity with GAAP. As such, we are required to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. We base our estimates on historical experience, available information and various other assumptions we believe to be reasonable under the circumstances. These estimates may change as new events occur, as more experience is acquired, as additional information is obtained and as our operating environment changes.

For information regarding our critical accounting policies and estimates, please read our “Critical Accounting Policies and Estimates” as disclosed in our 2018 Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk in two areas: interest rates and foreign currency exchange rates.

Interest Rate Risk. As of June 30, 2019, $142.1 million of our outstanding debt was subject to floating rates. The interest rate applicable to our variable rate debt may continue to rise, thereby increasing our interest expense and related cash outlay. In June 2015, we entered into various interest rate swap contracts to fix the interest rate on a portion of the Nordea Q5000 Loan. These swap contracts, which are settled monthly, began in June 2015 and extend through April 2020. As of June 30, 2019, the interest rate on $80.3 million of the Nordea Q5000 Loan was hedged. Debt subject to variable rates after considering hedging activities was $26.8 million. The impact of interest rate risk is estimated using a hypothetical increase in interest rates by 100 basis points for our variable rate long-term debt that is not hedged. Based on this hypothetical assumption, we would have incurred an additional $0.3 million in interest expense for the six-month period ended June 30, 2019.

Foreign Currency Exchange Rate Risk. Because we operate in various regions around the world, we conduct a portion of our business in currencies other than the U.S. dollar. As such, our earnings are impacted by movements in foreign currency exchange rates when (i) transactions are denominated in currencies other than the functional currency of the relevant Helix entity, or (ii) the functional currency of our subsidiaries is not the U.S. dollar. In order to mitigate the effects of exchange rate risk in areas outside the United States, we generally pay a portion of our expenses in local currencies to partially offset revenues that are denominated in the same local currencies. In addition, a substantial portion of our contracts provide for collections from customers in U.S. dollars. During the six-month period ended June 30, 2019, we recognized losses of $0.1 million related to foreign currency transactions in “Other expense, net” in our condensed consolidated statement of operations.

Our cash flows are subject to fluctuations resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates are likely to impact our results of operations and cash flows. As a result, we entered into various foreign currency exchange contracts to stabilize expected cash outflows related to certain vessel charters denominated in Norwegian kroner. In February 2013, we entered into foreign currency exchange contracts to hedge our foreign currency exposure with respect to the *Grand Canyon II* and *Grand Canyon III* charter payments denominated in Norwegian kroner through July 2019 and February 2020, respectively. A portion of these foreign currency exchange contracts currently qualifies for cash flow hedge accounting treatment.

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures. Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of June 30, 2019. Based on this evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of June 30, 2019 to ensure that information that is required to be disclosed by us in the reports we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms; and (ii) accumulated and communicated to our management, as appropriate, to allow timely decisions regarding required disclosure.

(b) Changes in internal control over financial reporting. There have been no changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

See Part I, Item 1, Note 14 to the Condensed Consolidated Financial Statements, which is incorporated herein by reference.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

Period	(a) Total number of shares purchased [1]	(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced program	(d) Maximum number of shares that may yet be purchased under the program [2]
April 1 to April 30, 2019	—	$ —	—	4,668,594
May 1 to May 31, 2019	64,262	7.82	—	4,668,594
June 1 to June 30, 2019	—	—	—	4,668,594
	64,262	$ 7.82	—	

(1) Includes shares forfeited in satisfaction of tax obligations upon vesting of restricted shares.

(2) Under the terms of our stock repurchase program, the issuance of shares to members of our Board and to certain employees, including shares issued under the ESPP to participating employees (Note 11), increases the number of shares available for repurchase. For additional information regarding our stock repurchase program, see Note 9 to our 2018 Form 10-K.

Item 6. Exhibits

Exhibit Number	Description	Filed or Furnished Herewith or Incorporated by Reference from the Following Documents (Registration or File Number)
3.1	2005 Amended and Restated Articles of Incorporation of Helix Energy Solutions Group, Inc.	Exhibit 3.1 to the Current Report on Form 8-K filed on March 1, 2006 (000-22739)
3.2	Second Amended and Restated By-Laws of Helix Energy Solutions Group, Inc.	Exhibit 3.1 to the Current Report on Form 8-K filed on September 28, 2006 (001-32936)
4.1	Amendment No. 2 to Amended and Restated Credit Agreement, dated as of June 28, 2019, by and among Helix Energy Solutions Group, Inc., as borrower, the guarantors listed therein, and Bank of America, N.A., as administrative agent, swing line lender and letters of credit issuer, together with the other lenders party thereto.	Exhibit 4.1 to the Current Report on Form 8-K filed on June 28, 2019 (001-32936)
10.1	Equity Compensation Agreement by and between Helix Energy Solutions Group, Inc. and Alisa Johnson dated May 1, 2019.	Filed herewith
10.2	Employment Agreement by and between Helix Energy Solutions Group, Inc. and Ken Neikirk dated May 1, 2019.	Filed herewith
10.3	2005 Long Term Incentive Plan of Helix Energy Solutions Group, Inc., as Amended and Restated Effective May 15, 2019.	Annex A to the Definitive Proxy Statement filed on April 2, 2019 (001-32936)
10.4	Employee Stock Purchase Plan of Helix Energy Solutions Group, Inc., as Amended and Restated Effective May 15, 2019.	Annex B to the Definitive Proxy Statement filed on April 2, 2019 (001-32936)
31.1	Certification Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 by Owen Kratz, Chief Executive Officer.	Filed herewith
31.2	Certification Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934 by Erik Staffeldt, Chief Financial Officer.	Filed herewith
32.1	Certification of Helix's Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes–Oxley Act of 2002.	Furnished herewith
101.INS	XBRL Instance Document.	The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Schema Document.	Filed herewith
101.CAL	XBRL Calculation Linkbase Document.	Filed herewith
101.PRE	XBRL Presentation Linkbase Document.	Filed herewith
101.DEF	XBRL Definition Linkbase Document.	Filed herewith
101.LAB	XBRL Label Linkbase Document.	Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HELIX ENERGY SOLUTIONS GROUP, INC.
(Registrant)

Date: July 26, 2019

By: **/s/ Owen Kratz**
Owen Kratz
President and Chief Executive Officer
(Principal Executive Officer)

Date: July 26, 2019

By: **/s/ Erik Staffeldt**
Erik Staffeldt
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 10.1

EQUITY COMPENSATION AGREEMENT

This Equity Compensation Agreement (the "*Agreement*") is made by and between Helix Energy Solutions Group, Inc. (the "*Company*") and Alisa Johnson ("*Johnson*") effective May 1, 2019.

WHEREAS, the Company previously granted to Johnson under the Company's 2005 Long Term Incentive Plan (as amended and restated effective as of January 1, 2017), the following equity compensation awards: a restricted stock award dated January 3, 2017 (the "*2017 Restricted Stock Award*"), a restricted stock award dated January 2, 2018 (the "*2018 Restricted Stock Award*"), and a restricted stock award dated January 2, 2019 (the "*2019 Restricted Stock Award*"); and

WHEREAS, in connection with Johnson's retirement from and long-standing service to the Company as an executive officer, the Compensation Committee has approved the amendment of, and the Company desires to amend, the 2017 Restricted Stock Award, the 2018 Restricted Stock Award, and the 2019 Restricted Stock Award;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree that the award agreements evidencing the 2017 Restricted Stock Award, the 2018 Restricted Stock Award, and the 2019 Restricted Stock Award are hereby amended as follows:

On May 1, 2019, the Forfeiture Restrictions (as defined in the Restricted Stock Award Agreements evidencing the above-described stock awards) with respect to 19,842 shares of the common stock of the Company ("*Stock*") granted under the 2017 Restricted Stock Award shall lapse. On May 1, 2019, the Forfeiture Restrictions with respect to 46,420 shares of Stock granted under the 2018 Restricted Stock Award shall lapse. On May 1, 2019, the Forfeiture Restrictions with respect to 97,043 shares of the Stock of the Company granted under the 2019 Restricted Stock Award shall lapse.

This Agreement shall be binding on the Company, its successors and assigns.

This Agreement may be executed in one or more counterparts, each of which will be deemed an original but all of such counterparts together shall constitute a single instrument. An electronic copy (including in .pdf format) or facsimile of a signature hereto will be binding on the signatory as if it were an original signature.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed by an officer thereunto duly authorized, and Johnson has executed this Agreement, all effective as of the date first above written.

HELIX ENERGY SOLUTIONS GROUP, INC.

By: /s/ Owen Kratz
Name: Owen Kratz
Title: President and Chief Executive Officer

JOHNSON

/s/ Alisa Johnson
Alisa Johnson

EXHIBIT 10.2

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is made effective May 1, 2019, by and between **Helix Energy Solutions Group, Inc.**, a Minnesota corporation (the "Company"), and Ken Neikirk ("Executive"), an individual residing in Houston, Texas. The Company and Executive are collectively referred to herein as the "Parties," and individually referred to as a "Party."

RECITALS:

WHEREAS, on May 1, 2019 Executive was elected as Senior Vice President, General Counsel and Corporate Secretary of the Company; and

WHEREAS, the Company and Executive mutually desire to enter into an employment agreement setting forth the terms and conditions of Executive's employment with the Company in the above-referenced officer position.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, it is AGREED as follows:

1. **Purpose.** The purpose of this Agreement is to set forth the terms and conditions of Executive's employment with the Company. This Agreement represents both Parties' intentions with respect to the terms and conditions of Executive's employment with the Company.

2. **Definitions.** For the purposes of this Agreement, the following words shall have the following meanings:

(a) "Affiliate" means any Person that, directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, another Person. The term "control" includes, without limitation, the possession, directly or indirectly, of the power to direct the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise. With respect to any amount under this Agreement that is deferred compensation subject to Code Section 409A, for the purposes of Code Section 409A only, Affiliate shall mean all Persons with whom the Company would be considered a single employer under Code Section 414(b) or 414(c) and for the purposes of a Separation from Service (as defined in Section 2(o)) and determining the controlled group but using fifty percent (50%) instead of eighty percent (80%) pursuant to Treasury Regulation § 1.409A-1(h)(3).

(b) "AICP" or "Annual Incentive Compensation Plan" means any Company annual incentive compensation cash bonus plan in which Executive participates, as in effect from time to time.

(c) "Annual Cash Compensation" means, with respect to a Change in Control, the sum of (i) the amount of Executive's Base Annual Salary for the year in which the Change in Control occurs and (ii) the target AICP bonus which could be payable to Executive under the AICP for the calendar year in which the Change in Control occurs assuming that the Company and Executive have fully met all performance criteria (financial, personal or otherwise) but not including a multiplier that may be applicable to result in a maximum bonus, and annualized for the purpose of this calculation; *provided, however*, that if the target bonus opportunity or the performance criteria for an AICP bonus has not been established for the year of the Change in Control, the AICP amount under this definition shall be calculated using the target bonus opportunity from the immediately preceding calendar year.

(d) "Base Annual Salary" means Executive's base annual salary as described in Section 5(a) hereof.

(e) "Board" means the board of directors of the Company.

(f) "Cause" means in connection with a termination of Executive's employment by the Company: (i) embezzlement or theft by Executive of any property of the Company or its Affiliates; (ii) any breach by Executive of any material provision of this Agreement; (iii) any act by Executive constituting a felony or otherwise involving theft, fraud, gross dishonesty, or moral turpitude; (iv) negligence or willful misconduct on the part of Executive in the performance of his duties as an employee, officer, or director of the Company or its Affiliates; (v) Executive's breach of his fiduciary obligations to the Company or its Affiliates; (vi) Executive's material violation or breach of the policies or procedures of the Company and its Affiliates (including but not limited to blackout periods for trading Common Stock); or (vii) any chemical dependence of Executive which adversely affects the performance of his duties and responsibilities to the Company or its Affiliates.

(g) "Change in Control" means a "Change in Control Event" within the meaning of Treasury Regulation § 1.409A-3(i)(5) and described in paragraphs (i), (ii) or (iii) below or any combination thereof as permitted in the Treasury Regulations with respect to the Company:

(i) A change in ownership that occurs when one person or a group (as determined for the purposes of Code Section 409A) acquires stock that, combined with stock previously owned, controls more than fifty percent (50%) of the value or voting power of the stock of the Company (incremental increases in ownership by a person or group that already owns fifty percent (50%) of the Company prior to such increase do not result in a change in ownership);

(ii) A change in effective control that occurs on the date that, during any 12-month period, either (x) any person or group acquires stock possessing forty-five percent (45%) or more of the voting power of the Company, or (y) the majority of the Board (or, if applicable, the board of directors of the Company's ultimate parent) is replaced by persons whose appointment or election is not endorsed by a majority of the Board (or, if applicable, the board of directors of such ultimate parent) prior to the date of the appointment or election; or

(iii) A change in ownership of a substantial portion of the assets that occurs on the date that a person or a group acquires, during any 12-month period, assets of the Company having a total gross fair market value equal to eighty-five percent (85%) or more of the total gross fair market value of all of the Company's assets; *provided, however*, that there is no change in control event under this paragraph (iii) when there is a transfer to: (w) a shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to its stock; (x) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company immediately after the asset transfer; (y) a person, or more than one person acting as a group, that owns immediately after the asset transfer, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company; or (z) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a person described in item (y) within the meaning of Code Section 409A. For the purposes of this paragraph (iii), "gross fair market value" shall have the meaning as provided in Code Section 409A.

(h) "Code" means the Internal Revenue Code of 1986, as amended.

(i) "Common Stock" means common stock, no par value, of the Company, or any successor security issued in lieu thereof.

(j) "Compensation Committee" means the compensation committee of the Board.

(k) "Confidential Information" means information (i) disclosed to or known by Executive as a consequence of or through his employment with the Company; (ii) not generally known outside the Company; and (iii) which relates to any aspect of the Company, its Affiliates or their business, research, or development. "Confidential Information" includes, but is not limited to, the Company's and its Affiliate's trade secrets, proprietary information, business plans, marketing plans, financial information, compensation and benefit information, cost and pricing information, customer contacts, suppliers, vendors, and information provided to the Company or its Affiliates by a third party under restrictions against disclosure or use by the Company, its Affiliates or others.

(l) "Conflict of Interest" means any activity which might adversely affect the Company or its Affiliates, including ownership of a material interest in any supplier, contractor, distributor, subcontractor, customer, or other entity with which the Company or its Affiliates does business.

(m) "Copyright Works" means materials for which copyright protection may be obtained including, but not limited to: literary works (including all written material), computer programs, artistic and graphic works (including designs, graphs, drawings, blueprints, and other works), recordings, models, photographs, slides, motion pictures, and audio-visual works, regardless of the form or manner in which documented or recorded.

(n) “Company” means Helix Energy Solutions Group, Inc., a Minnesota corporation.

(o) “Date of Termination” means the date of termination of Executive’s employment by the Company and that is a “Separation from Service” within the meaning of Code Section 409A, which means a termination of Executive’s employment with the Company (and its controlled group within the meaning of Treasury Regulation § 1.409A-1(h)(3)) in accordance with the Company’s policies and procedures; *provided, however*, that the Company and Executive reasonably anticipate that no further services will be performed after the termination date or that the level of bona fide services Executive will perform after such date (whether as an employee or an independent contractor) would permanently decrease to no more than twenty percent (20%) of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding 36-month period or the full period of service to the Company if Executive has been providing services to the Company for less than 36 months. As used in this Agreement, references to termination of the Executive’s employment shall mean Executive’s “Separation from Service” within the meaning of Code Section 409A.

(p) “Disability” or “Disabled” means any physical or mental incapacity, disease or affliction, as determined by a legally qualified medical practitioner selected by the Company which prevents Executive to a substantial degree from performing his obligations after reasonable accommodation from the Company.

(q) “Effective Date” means May 1, 2019.

(r) “Equity-Based Awards” means stock options, restricted stock, restricted stock units, performance vesting stock, performance stock units, and any other award granted by the Company, which derives its value based upon the Common Stock, regardless whether such award is ultimately intended to be settled in stock or cash.

(s) “Good Reason” means, in connection with a termination of employment by Executive, the occurrence of any of the following without Executive’s written consent (except in connection with the termination of employment of Executive by the Company for Cause or Disability):

(i) a material diminution in Executive’s Base Annual Salary;

(ii) a material diminution in Executive’s authority, duties, or responsibilities;

(iii) a material change in geographic location at which Executive must perform the services; or

(iv) any other action or inaction that constitutes a material breach by the Company of the terms of this Agreement.

(t) "Inventions" means inventions (whether patentable or not), discoveries, improvements, designs, and ideas (whether or not shown or described in writing or reduced to practice) including, and in addition to any such Confidential Information or Copyright Works.

(u) "LTIP" or "Long Term Incentive Plan" means the Company's 2005 Long-Term Incentive Plan (as amended and restated effective January 1, 2017) or other long-term incentive plan of the Company pursuant to which Executive receives Equity Based Awards, as in effect from time to time.

(v) "Person" means, for the purposes of the term Affiliate in Section 2(a) hereof, and as used in Section 7(e) hereof, any individual, partnership, corporation, limited liability company, group, trust or other legal entity.

(w) "Retirement" means a termination of Executive's employment under circumstances as shall constitute retirement from the Company based on age and/or years of employment, as determined by the Board, in its sole discretion, in accordance with written policies adopted by the Board from time to time; in absence of the adoption of such policy, Executive's resignation on or after attainment of age 65 shall be deemed to be "Retirement" for purposes of this Agreement.

3. **Duration.** This Agreement shall become effective on the Effective Date and shall terminate on the second (2^{nd}) anniversary of the Effective Date, unless earlier terminated as hereinafter provided, provided that commencing on the second anniversary date of the Effective Date and each second anniversary date thereafter, the term of this Agreement shall automatically be extended for two additional years unless, no later than ninety (90) days prior to the applicable anniversary date, the Company or Executive shall give written notice to the other that it or he, respectively, does not wish to extend the term of this Agreement, in which case this Agreement shall terminate on the applicable anniversary date.

4. **Duties and Responsibilities.** Commencing on the Effective Date, Executive shall diligently render his services to the Company as Senior Vice President, General Counsel and Corporate Secretary in a manner customary for such officers or equivalent positions and in accordance with the Company's directives, and shall use his best efforts and good faith in fulfilling such responsibilities and in accomplishing such directives. Executive agrees to devote his full-time efforts, abilities, and attention to the business of the Company, and shall not engage in any activities which will interfere with such efforts. Executive shall well and faithfully serve the Company during the continuance of his employment hereunder and shall use his best efforts to promote the interests of the Company. Executive's principal place of employment will be at the Company's corporate headquarters in Houston, Texas. Executive hereby acknowledges that he is a fiduciary with respect to the Company and its Affiliates and shall act in accordance and otherwise comply with his fiduciary obligation to the Company and its Affiliates.

5. **Compensation and Benefits.** In return for the services to be provided by Executive pursuant to this Agreement, the Company agrees to pay Executive as follows:

(a) Base Annual Salary. Executive shall receive a Base Annual Salary annually of $300,000 payable every two weeks, subject to deduction of statutorily required amounts, including but not limited to, withholding for federal, state and local income taxes, and amounts payable by employees of the Company for employee benefits. The annual salary to be paid by the Company to Executive shall be reviewed at least annually and may from time to time be increased (but may not be decreased) as approved by the Company (any such increased amount shall then be referred to as "Base Annual Salary" for the purposes of this Agreement).

(b) Annual Incentive Compensation Plan. Executive shall be eligible to receive an Annual Incentive Compensation Plan bonus, with the components, target and maximum amounts based on a percentage of Executive's Base Annual Salary, each as determined by the Board or Compensation Committee, in its sole discretion, subject to the terms of the AICP. Subject to the foregoing, a portion of the annual AICP bonus may be based upon the Company's financial performance and a portion of the AICP may be based upon achievement of Executive's individual performance objectives, all as may be determined by the Board or Compensation Committee, in its sole discretion. For 2019, Executive's target bonus shall be prorated such that prior to Executive's being elected as Senior Vice President, General Counsel and Corporate Secretary, Executive's target bonus shall be 75% of his then base annual salary, and with respect from the period of time during 2019 that Executive has served as the Company's Senior Vice President, General Counsel and Corporate Secretary, Executive's target bonus shall be 100% of his Base Annual Salary set forth in Section 5(a) above. AICP bonuses for each calendar year shall be payable in the following calendar year as determined by the Board or Compensation Committee; *provided, however*, that payment, if any, shall be made no later than March 15th of such following year.

(c) Long Term Incentive Plan. As a senior management executive of the Company, Executive shall participate annually in the Long Term Incentive Plan as determined by and on such terms approved by the Company, the Board or the Compensation Committee, in its sole discretion. The LTIP may include stock options, restricted stock, restricted stock units and/or other types of compensation.

(d) Benefits. Executive shall be entitled to participate in the Company's various employee benefit plans as the same may be constituted from time to time, including without limitation, the Company's 401(k) plan, in the same manner as other senior management executives of the Company, subject to the terms and conditions of the plans, as same may be amended or terminated pursuant to their terms from time to time as determined by the Company in its sole discretion.

(e) Expenses. Executive shall be reimbursed by the Company for all reasonable business expenses incurred by Executive in performance of his duties hereunder upon the submission of appropriate vouchers, bills or receipts for such expenses in accordance with the Company's policy, and upon Executive's reasonable documentation of such expenses, the expenses shall be paid in a cash lump sum payment as soon as reasonably practicable, but in no event later than March 15th of the calendar year following the calendar year in which the expenses are incurred.

(f) Vacation. Executive will be provided four (4) weeks' paid vacation in each calendar year, to be accrued at a prorata monthly rate, and additional paid holidays and similar rights and privileges as are enjoyed generally by Company's senior management executives. Vacation shall be subject to the Company's policy and vacation days must be taken in accordance with the Company's policy for senior management executives, as may be amended from time to time.

6. **Termination.**

(a) Death, Disability or Retirement. The Company may terminate Executive's employment if he is Disabled for six (6) consecutive months or for a total of six (6) months during any 12-month period. Executive's employment will be automatically terminated upon his death or Retirement.

(b) Termination for Cause. The Company may terminate Executive's employment immediately for Cause by written notice to Executive.

(c) Termination Without Cause. The Company may terminate Executive's employment without Cause and for any reason upon written notice to Executive.

(d) Termination by Executive Without Good Reason. Executive may terminate his employment upon 30 days' written notice to the Company. In the event Executive terminates his employment in this manner, he shall remain in the Company's employ subject to all terms and conditions of this Agreement for the entire 30-day period unless instructed otherwise by the Company in writing.

(e) Termination by Executive for Good Reason. Executive may terminate his employment for "Good Reason" by giving the Company advance written notice of such intent and the grounds thereof within a period not to exceed 30 days after the existence of the event constituting Good Reason. After Executive gives such notice, the Company shall have 30 days to correct the Good Reason event, and if the Company does not correct the Good Reason event within the prescribed time, Executive must terminate his employment within 61 days of the date of the event constituting Good Reason in order to be entitled to any benefits under Section 7(d) of this Agreement. In addition, once an event constitutes Good Reason, if the Company does not correct the event and if Executive does not give notice (as described above) and terminate his employment within 61 days of the event, such specific instance of the event shall no longer constitute Good Reason under this Agreement.

(f) Resignation of All Positions. Executive agrees that after any termination of his employment, he will tender his resignation from any position he may hold as an officer or director of the Company or any Affiliate or otherwise associated companies.

7. **Severance and Change in Control Payments and Benefits.** Executive shall be entitled to the following compensation under the following circumstances:

(a) Death, Disability or Retirement. In the event Executive's employment is terminated as a result of his death, Disability or Retirement, Executive's rights under any Equity-Based Awards or other compensation rights or awards shall be determined in accordance with the controlling plan documents and award agreements and his unpaid Base Annual Salary shall be paid through the Date of Termination in accordance with the Company's normal payroll practices. Any unpaid AICP bonus for a calendar year preceding the calendar year of Executive's Date of Termination shall be paid when the AICP bonus for other participants is paid but in no event later than March 15^{th} of the calendar year following the end of the calendar year of the applicable AICP bonus. Executive's award under any AICP to which he would otherwise be entitled in the calendar year of his Date of Termination shall be prorated for the period of his participation in the AICP during the relevant calendar year, and payable at the same time other participants in the AICP receive payment but in no event later than March 15^{th} of the calendar year following the calendar year of the Date of Termination. Executive shall be reimbursed for all expenses incurred and in accordance with Section 5(f); Executive shall be paid all accrued unused vacation in accordance with the Company's vacation policy, as amended from time to time, and Executive shall be entitled to all benefits under Section 5(d) subject to the terms and conditions of the applicable plan documents and arrangements, as amended from time to time.

(b) Termination for Cause or Resignation of Executive Without Good Reason. If Executive is terminated by the Company for Cause or if Executive resigns or otherwise terminates without Good Reason, no AICP bonus for the calendar year of his Date of Termination will be paid, all other benefits and rights, including Equity-Based Awards shall be determined under the then governing plans and award agreements, and his unpaid Base Annual Salary shall be paid through to the Date of Termination in accordance with the Company's normal payroll practices. Any unpaid AICP bonus for a calendar year preceding the calendar year of Executive's Date of Termination shall be paid in accordance with the terms of the applicable AICP and when the AICP bonus for other participants is paid but in no event later than March 15^{th} of the calendar year following the end of the calendar year of the applicable AICP bonus. Executive shall be reimbursed for all expenses incurred and in accordance with Section 5(e); Executive shall be paid all accrued unused vacation in accordance with the Company's vacation policy, as amended from time to time, and Executive shall be entitled to all benefits under Section 5(d) subject to the terms and conditions of the applicable plan documents and arrangements, as amended from time to time.

(c) Termination Without Cause. In the event Executive's employment with the Company is terminated by the Company without Cause, the Company shall pay Executive an amount equal to his Base Annual Salary for the year in which the termination occurs in a lump sum cash payment as soon as administratively feasible following the Date of Termination but no later than 70 days after the Date of Termination (subject to Section 7(h)). There shall be an automatic acceleration of the vesting of any Equity-Based Awards granted to Executive by the Company that were scheduled to vest by their terms within 12 months following the Date of Termination, and to the extent the provisions of this Section 7(c) change the terms of such Equity-Based Awards held by Executive now or in the future, this Section 7(c) shall be deemed an amendment to the agreement between Company and Executive setting forth the terms of such awards and shall form part of such agreement. Except as provided in the previous sentence, Executive's rights under any Equity-Based Awards or other compensation rights or awards shall be determined according to the controlling plan documents and award agreements, and the benefits provided in this Section 7(c) regarding Executive's Equity-Based Awards shall be in addition to, and not in limitation of, the value or benefit of any Equity-Based Awards, the exercisability, vesting or payment of which is accelerated or otherwise enhanced pursuant to the terms of the LTIP or agreement heretofore or hereafter adopted between Executive and the Company regarding Equity-Based Awards granted to Executive. Executive's unpaid Base Annual Salary shall be paid through his Date of Termination in accordance with the Company's normal payroll practices. Any unpaid AICP bonus for a year preceding the calendar year of Executive's Date of Termination shall be paid when the AICP bonus for other participants is paid but in no event later than March 15th of the calendar year following the end of the calendar year of the applicable AICP bonus. In addition, the Company shall pay Executive his award under any AICP for the calendar year of his Date of Termination (a) calculated on the basis of the Company and Executive having fully met all performance criteria (financial, personal or otherwise) for a target bonus (which will not include any multiplier that may be applicable to result in a maximum bonus), (b) paid on the basis of a deemed 12-month calendar year participation in the plan, and (c) payable at the same time other participants in the plan receive payment but no later than March 15th of the calendar year following the end of the calendar year of the Date of Termination. Executive shall be reimbursed for all expenses incurred and in accordance with Section 5(e); Executive shall be paid all accrued unused vacation in accordance with the Company's vacation policy, as amended from time to time, and Executive shall be entitled to all benefits under Section 5(d) subject to the terms and conditions of the applicable plan documents and arrangements, as amended from time to time.

(d) Termination by Executive for Good Reason. In the event that Executive terminates his employment with the Company for Good Reason, the Company shall pay Executive an amount equal to his Base Annual Salary for the year in which termination occurs in a lump sum cash payment as soon as administratively feasible following the Date of Termination but no later than 70 days after the Date of Termination (subject to Section 7(h)). There shall be an automatic acceleration of the vesting of any Equity-Based Awards granted to Executive by the Company that were scheduled to vest by their terms within 12 months following the Date of Termination, and to the extent the provisions of this Section 7(d) change the terms of such Equity-Based Awards held by Executive now or in the future, this Section 7(d) shall be deemed an amendment to the agreement between Company and Executive setting forth the terms of such awards and shall form part of such agreement. Except as provided in the previous sentence, Executive's rights under any Equity-Based Awards or other compensation rights or awards or benefits shall be determined according to the controlling plan documents and award agreements and the benefits provided in this Section 7(d) regarding Executive's Equity-Based Awards shall be in addition to, and not in limitation of, the value or benefit of any Equity-Based Awards, the exercisability, vesting or payment of which is accelerated or otherwise enhanced pursuant to the terms of the LTIP or agreement heretofore or hereafter adopted between Executive and the Company regarding Equity-Based Awards granted to Executive. Executive's unpaid Base Annual Salary shall be paid through his Date of Termination in accordance with the Company's normal payroll practices. Any unpaid AICP bonus for a year preceding the calendar year of Executive's Date of Termination shall be paid when the AICP bonus for other participants is paid but in no event later than March 15th of the calendar year following the end of the calendar year of the applicable AICP bonus. In addition, the Company shall pay Executive his award under any AICP for the calendar year of his Date of Termination (a) calculated on the basis of the Company and Executive having fully met all performance criteria (financial, personal or otherwise) for a target bonus (which will not include any multiplier that may be applicable to result in a maximum bonus), (b) paid on the basis of a deemed 12-month calendar year participation in the plan, and (c) payable at the same time other participants in the plan receive payment but no later than March 15th of the calendar year following the end of the calendar year of the Date of Termination. Executive shall be reimbursed for all expenses incurred and in accordance with Section 5(e); Executive shall be paid all accrued unused vacation in accordance with the Company's vacation policy, as amended from time to time, and Executive shall be entitled to all benefits under Section 5(d) subject to the terms and conditions of the applicable plan documents and arrangements, as amended from time to time.

(e) Change in Control. Notwithstanding the foregoing subsections (a) - (d) of this Section 7 and in lieu thereof, if within the period beginning with the date of a Change in Control and continuing through the second anniversary thereof, the Company terminates Executive's employment without Cause or Executive terminates his employment for Good Reason, then:

(i) The Company shall pay Executive as soon as administratively feasible after the date of the Change in Control but no later than 70 days following the date of the Change in Control a lump sum cash amount equal to two (2) times Executive's Annual Cash Compensation;

(ii) Executive's rights under any Equity-Based Awards or other compensation rights, benefits or awards shall be as provided in the governing plan and/or award agreements (subject to paragraph (iv) below);

(iii) Any unpaid AICP bonus for a calendar year preceding the calendar year of the Change in Control shall be paid when the AICP bonus for other participants is paid but in no event later than March 15th of the calendar year following the end of the calendar year of the applicable AICP bonus;

(iv) Notwithstanding the provision of any agreement to the contrary, the Company shall cause all of Executive's existing unvested Equity-Based Awards to be accelerated and vested immediately as of the date of the Change in Control and payment or issuance of shares of Common Stock shall be made pursuant to the applicable plans and/or award agreements (for the avoidance of doubt, the benefits provided for in this Section 7(e)(iv) regarding Executive's Equity-Based Awards shall be in addition to, and not in limitation of, the value or benefit of any Equity-Based Awards, the exercisability, vesting or payment of which is accelerated or otherwise enhanced pursuant to the terms of the LTIP or other agreement heretofore or hereafter adopted between Executive and the Company regarding Equity-Based Awards granted to Executive).

(v) Executive shall be promptly reimbursed all reasonable business expenses incurred by him upon reasonable documentation and in accordance with Company policy prior to the date of the Change in Control to be paid no later than March 15th following the end of the calendar year in which the expenses were incurred;

(vi) Company shall pay a lump sum amount equal to the cost of continuation of group health coverage under COBRA for a period of 18 months based upon the rates of such COBRA coverage for the coverage as in effect for Executive (and his dependents, if applicable) on the date of the Change in Control to be paid in a cash lump sum payment at the same time payment under Section 7(e)(i)is made;

(vii) If any payments are payable under this Section 7(e), in no event will any amounts be paid or payable under Section 7(a)-(d).

Notwithstanding any other provision of this Agreement, Executive's employment shall be deemed to have been terminated by the Company without Cause or by Executive with Good Reason following a Change of Control if (A) Executive's employment is terminated by the Company without Cause prior to a Change of Control (whether or not a Change of Control actually occurs) and such termination was at the request of a Person who has entered into an agreement with the Company or its shareholder(s) the consummation of which would constitute a Change of Control, (B) Executive terminates his employment with the Company for Good Reason prior to a Change of Control (whether or not a Change of Control actually occurs) and the act, circumstances or event which constitutes Good Reason occurs at the request or direction of such Person or shareholder, or (C) Executive's employment is terminated by the Company without Cause or by Executive for Good Reason and such termination without Cause or the act, circumstance or event which constitutes Good Reason is otherwise in connection with or in anticipation of a Change of Control and occurred after either a letter of intent or similar agreement with respect to such a transaction or a public announcement of a proposed transaction is made, provided that in the case of (C) above, any requirement that the Company pay the amounts required by Section 7(e)(i) shall only be required if the transaction is in fact consummated, and if the proposed transaction is abandoned or terminated by the Company or the Person or shareholder(s) prior to consummation, then Executive's entitlement to a payout under Section 7(e)(i) shall revert to that required by Section 7(c) or 7(d), as applicable (as if a deemed Change of Control had not occurred).

(f) Release of All Claims. In order to receive any payments (other than any unpaid Base Annual Salary and accrued vacation through to his Date of Termination, if applicable) pursuant to Section 7(c) or (d), Executive shall first be required to execute and return a release in a form and substance satisfactory to the Company which releases the Company and its Affiliates, and their officers, employees, and directors and any employee benefit plan (and any other Company related person as specified in the release) (the "Company Group") of any claims which Executive may have as against the Company Group and such release must be effective and not revoked within the time prescribed in the release and the release must be returned and effective within the time period specified by the Company in the release but in no event later than 60 days after Executive's Date of Termination if payments are made pursuant to Section 7(c) or (d).

(g) No Duty to Mitigate. Executive shall not be required to mitigate the amount of any payment or other benefit required to be paid to Executive pursuant to this Agreement, whether by seeking other employment or otherwise, nor shall the amount of any such payment or other benefit be reduced on account of any compensation earned by Executive as a result of employment. The Company's obligation to make the payments provided for in this Agreement (including, but not limited to, the payments under Section 7(c), (d) or (e)), and otherwise perform its obligations hereunder shall not be affected by any counterclaim, recoupment, defense or other claim, right or action which the Company may have against Executive or others, exclusive of payroll withholdings required by law.

(h) Specified Employees. Notwithstanding any other provision herein, if Executive is a "Specified Employee" (as that term is defined in Code Section 409A) as of his Date of Termination, then any amounts under this Agreement which are payable upon his "Separation from Service" (within the meaning of Code Section 409A) and subject to the provisions of Code Section 409A and not otherwise excluded under Code Section 409A, shall not be paid until the first (1st) business day that is at least six (6) months after the date after Executive's Date of Termination (the "Waiting Period"). Any payments that would have been made to Executive during the Waiting Period but for this Section 7(h) shall instead be made to Executive in the form of a lump sum payment on the date that payments commence pursuant to the preceding sentence with interest (calculated at the short-term applicable federal rate compounded semi-annually) on the amount not paid during the Waiting Period from the Date of Termination through the date of payment.

8. **Inventions, Confidential Information, Patents, and Copyright Works.**

(a) Notification of Company. Upon conception, all Inventions, Confidential Information, and Copyright Works shall become the property of the Company (or the United States Government where required by law) whether or not patent or copyright registration applications are filed for such subject matter. Executive will communicate to the Company promptly and fully all Inventions, or suggestions (whether or not patentable), all Confidential Information or Copyright Works made, designed, created, or conceived by Executive (whether made, designed, created, or conceived solely by Executive or jointly with others) during the period of his employment with the Company: (a) which relate to the actual or anticipated business, research, activities, or development of the Company at the time of the conception; or (b) which result from or are suggested by any work which Executive has done or may do for or on behalf of the Company; or (c) which are developed, tested, improved, or investigated either in part or entirely on time for which Executive was paid by the Company, or using any resources of the Company.

(b) Transfer of Rights. Executive agrees, during his employment with the Company, to assign and transfer to and does hereby assign and transfer to the Company Executive's entire right, title, and interest in all Inventions, Confidential Information, Copyright Works and patents prepared, made or conceived by or in behalf of Executive (solely or jointly with others): (a) which relate in any way to the actual or anticipated business of the Company, or (b) which relate in any way to the actual or anticipated research or development of the Company, or (c) which are suggested by or result, directly or indirectly, from any task assigned to Executive or in which Executive otherwise engages in behalf of the Company. Executive also agrees to do all things necessary to transfer to the Company Executive's entire right, title, and interest in and to all such Inventions, Confidential Information, Copyright Works or patents as the Company may request, on such forms as the Company may provide, at any time during or after Executive's employment. Executive will promptly and fully assist the Company during and subsequent to his employment in every lawful way to obtain, protect, and enforce the Company's patent, copyrights, trade secret or other proprietary rights for Inventions, Confidential Information, Copyright Works or patents in any and all countries.

(c) Notice of Rights Under State Statutes. No provision in this Agreement is intended to require assignment of any of Executive's rights in an Invention for which no equipment, supplies, facilities, Confidential Information, Copyright Works, Inventions, patents or information of the Company was used, and which was (1) developed entirely on Executive's own time; (2) does not relate directly or indirectly to the business of the Company or to the actual or demonstrably anticipated research or development of the Company; and (3) does not result from any work performed by Executive for the Company or assigned to Executive by the Company.

(d) Rights in Copyrights. Unless otherwise agreed in writing by the Company, all Copyright Works prepared wholly or partially by Executive (alone or jointly with others) within the scope of his employment with the Company, shall be deemed a "work made for hire" under the copyright laws and shall be owned by the Company. Executive understands that any assignment or release of such works can only be made by the Company. Executive will do everything reasonably necessary to enable the Company or its nominee to protect its rights in such works. Executive agrees to execute all documents and to do all things necessary to vest in the Company Executive's right and title to copyrights in such works. Executive shall not assist or work with any third party that is not an employee of the Company to create or prepare any Copyright Works without the prior written consent of the Company.

(e) Assistance in Preparation of Applications. During and after employment Executive will promptly and fully assist, if requested by the Company, in the preparation and filing of patents and Copyright Works registrations in any and all countries selected by the Company and will assign to the Company Executive's entire right, title, and interest in and to such patents and Copyright Works registrations, as well as all Inventions or Copyright Works to which such patents and Copyright Works registrations pertain, to enable any such properties to be prosecuted under the direction of the Company and to ensure that any patent or Copyright Works registration obtained will validly issue to the Company.

(f) Execute Documents. During and after employment Executive will promptly sign any and all lawful papers, take all lawful oaths, and do all lawful acts, including testifying, at the request of the Company, in connection with the procurement, grant, enforcement, maintenance, exploitation, or defense against assertion of any patent, trademark, copyright, trade secret or related rights, including applications for protection or registration thereof. Such lawful papers include, but are not limited to, any and all powers, assignments, affidavits, declarations and other papers deemed by the Company to be necessary or advisable.

(g) Keep Records. Executive will keep and regularly maintain adequate and current written records of all Inventions, Confidential Information, and Copyright Works he participates in creating, conceiving, developing, and manufacturing. Such records shall be kept and maintained in the form of notes, sketches, drawings, reports, or other documents relating thereto, bearing at least the date of preparation and the signatures or name of each employee contributing to the subject matter reflected in the record. Such records shall be and shall remain the exclusive property of the Company and shall be available to the Company at all times.

(h) Return of Documents, Equipment, Etc. All writings, records, and other documents and things comprising, containing, describing, discussing, explaining, or evidencing any Inventions, Confidential Information, or Copyright Works and all equipment, components, parts, tools, and the like in Executive's custody or possession that have been obtained or prepared in the course of Executive's employment with the Company shall be the exclusive property of the Company, shall not be copied and/or removed from the premises of the Company, except in pursuit of the business of the Company, and shall be delivered to the Company, without Executive retaining any copies, upon notification of the termination of Executive's employment or at any other time requested by the Company. The Company shall have the right to retain, access, and inspect all property of Executive of any kind in the office, work area, and on the premises of the Company upon termination of Executive's employment and at any time during employment by the Company, to ensure compliance with the terms of this Agreement.

(i) Other Contracts. Executive represents and warrants that he is not a party to any existing contract relating to the granting or assignment to others of any interest in Inventions, Confidential Information, Copyright Works or patents hereafter made by Executive except insofar as copies of such contracts, if any, are attached to this Agreement.

(j) Assignment After Termination. Executive recognizes that ideas, Inventions, Confidential Information, Copyright Works, Copyright Works registrations or patents relating to his activities while working for the Company that are conceived or made by Executive, alone or with others, within one (1) year after termination of his employment may have been conceived in significant part while Executive was employed by the Company. Accordingly, Executive agrees that such ideas, Inventions, Confidential Information, Copyright Works, Copyright Works registrations or patents shall be presumed to have been conceived and made during his employment with the Company and are to be assigned to the Company in accordance with this Section 8.

(k) Prior Conceptions. At the end of this Section 8(k), Executive has set forth, if any, what he represents and warrants to be a complete list of all Inventions, if any, patented or unpatented, or Copyright Works, including a brief description thereof (without revealing any confidential or proprietary information of any other Party) which Executive participated in the conception, creation, development, or making of prior to his employment with the Company and for which Executive claims full or partial ownership or other interest, or which are in the physical possession of a former employer and which are therefore excluded from the scope of this Agreement.

Prior Conceptions: None

9. **Non-Competition, Non-Solicitation, and Confidentiality.** The Company and Executive acknowledge and agree that while Executive is employed pursuant to this Agreement, the Company will give Executive access to Confidential Information of the Company and its Affiliates to which Executive did not have access prior to signing this Agreement and which Executive may need and use during such employment, the receipt of which is hereby acknowledged by Executive; Executive will be provided under this Agreement (i) specialized training on how to perform his duties and (ii) contact with the Company's and its Affiliates' customers and potential customers. In consideration of all of the foregoing, the Company and Executive agree as follows:

(a) Non-Competition During Employment. Executive agrees that for the duration of this Agreement, he will not compete with the Company by engaging in the conception, design, development, production, marketing, or servicing in the offshore energy services industry (for purposes of this Section 9, the "Services"), and that he will not work for, in any capacity, assist, or become affiliated with as an owner, partner, employee, contractor, joint venture or otherwise, either directly or indirectly, any individual or business which performs the Services.

(b) Non-Competition After Employment. Executive agrees that for a period of one (1) year after termination of his employment with the Company for any reason he will not compete with the Company by engaging in the Services, and that he will not work for, in any capacity, assist, or become affiliated with as an owner, partner, employee, contractor, joint venture or otherwise, either directly or indirectly, any individual or business that performs the Services; *provided, however*, that Executive may accept employment with a business that performs the Services if Executive is employed by a division, affiliate, or subsidiary that does not perform the Services and Executive understands and agrees that he cannot perform any services for the division, subsidiary, or affiliate which does compete with the Company in the provision of the Services.

(c) Conflicts of Interest. Executive agrees that for the duration of this Agreement, he will not engage, either directly or indirectly, in any Conflict of Interest, and that Executive will promptly inform a corporate officer of the Company as to each offer received by Executive to engage in any such activity. Executive further agrees to disclose to the Company any other facts of which Executive becomes aware which might involve or give rise to a Conflict of Interest or potential Conflict of Interest.

(d) Non-Solicitation of Customers. Executive further agrees that, for the duration of this Agreement, and for a period of one (1) year after the termination of his employment with the Company for any reason, he will not solicit or accept any business for the provision of the Services from any customer or client or prospective customer or client with whom Executive dealt, had contact with or during the time Executive was employed by the Company.

(e) Non-Solicitation of Employees. Executive agrees that for the duration of this Agreement, and for a period of one (1) year after the termination of his employment with the Company for any reason, he will not either directly or indirectly, on his own behalf or on behalf of others, solicit, attempt to hire, or hire any person employed by the Company to work for Executive or for any other entity, firm, corporation, or individual; *provided, however*, that nothing in this Section 9(e) shall prohibit a future employer of Executive from soliciting, attempting to hire, or hiring any person employed by the Company so long as Executive is not directly or indirectly involved in the process including, but not limited to providing or suggesting (directly or indirectly) names of such employees to anyone for purposes of possible employment and/or directing such employees to contact anyone for purposes of possible employment.

(f) Confidential Information. Executive further agrees that he will not, except as the Company may otherwise consent or direct in writing, reveal or disclose, sell, use, lecture upon, publish, or otherwise disclose to any third party any Confidential Information or proprietary information of the Company, or authorize anyone else to do these things at any time either during or subsequent to his employment with the Company. This Section 9(f) shall continue in full force and effect after termination of Executive's employment and after the termination of this Agreement for any reason. Executive's obligations under this Section 9(f) of this Agreement with respect to any specific Confidential Information and proprietary information shall cease when that specific portion of Confidential Information and proprietary information becomes publicly known, in its entirety and without combining portions of such information obtained separately. It is understood that such Confidential Information and proprietary information of the Company include matters that Executive conceives or develops, as well as matters Executive learns from other employees of the Company.

(g) Confidential Information of Prior Employer. Executive will not disclose or use during the period of his employment with the Company any proprietary or confidential information or copyright works, which Executive may have acquired because of employment with an employer other than the Company.

(h) Time Period Tolled. The time periods referenced in this Section 9 during which Executive is restrained from competing against the Company shall not include any period of time during which Executive is in breach of this Agreement. Said time periods referenced in this Section 9 will be tolled, such that the Company will receive the full benefit of the time period in the event Executive breaches this Agreement.

(i) Breach. Executive agrees that any breach of Sections 9(a), (b), (c), (d), (e) or (f) above cannot be remedied solely by money damages, and that in addition to any other remedies the Company may have, the Company is entitled to obtain injunctive relief against Executive. Nothing herein, however, shall be construed as limiting the Company's right to pursue any other available remedy at law or in equity, including recovery of damages and termination of this Agreement.

(j) Independent Covenants. All covenants contained in this Section 9 shall be construed as agreements independent of any other provision of this Agreement, and the existence of any claim or cause of action by Executive against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of such covenants.

10. **Return of Company Property.** Executive agrees to execute and deliver such documents and take all other actions as the Company may request from time to time in order to effect the transfer and delivery to the Company of any of the Company's or its Affiliates' assets in the possession or subject to the control of Executive including, without limitation, the Company's or its Affiliates' computers, printers, books, records, files, databases, software, Confidential Information, and other documents in whatever form or medium and wherever located, and the Company's or its Affiliates' credit cards, travel authority cards, parking and identification badges.

11. **Right to Enter Agreement.** Executive represents and covenants to the Company that he has full power and authority to enter into this Agreement and that the execution of this Agreement will not breach or constitute a default of any other agreement or contract to which he is a Party or by which he is bound.

12. **Assignment.** This Agreement may be assigned by the Company, but cannot be assigned by Executive. An assignment of this Agreement by the Company shall not relieve the Company of any liability or obligation under this Agreement except any such assignment in connection with or as a result of a Change in Control (including, but not limited to, by operation of law).

13. **Binding Agreement.** The Parties acknowledge that this Agreement shall be binding upon and inure to the benefit of (a) Executive's heirs, successors, personal representatives, and legal representatives and (b) any successor of the Company. Any such successor of the Company shall be deemed substituted for the Company under the terms of this Agreement for all purposes. As used herein, "successor" shall include any person, firm, corporation, or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly acquires all or substantially all of the assets or business of the Company.

14. **Notices.** All notices pursuant to this Agreement shall be in writing and sent certified mail, return receipt requested, by hand delivery or by overnight delivery service addressed as follows:

If to Executive:	Ken Neikirk 13006 Perthshire Road Houston, TX 77079
If to the Company:	Helix Energy Solutions Group, Inc. Attn: President and Chief Executive Officer 3505 West Sam Houston Parkway North, Suite 400 Houston, TX 77043
With a copy to:	Helix Energy Solutions Group, Inc. Attn: Chief Financial Officer 3505 West Sam Houston Parkway North, Suite 400 Houston, TX 77043

15. **<u>Waiver</u>.** No waiver by either Party to this Agreement of any right to enforce any term or condition of this Agreement, or of any breach hereof, shall be deemed a waiver of such right in the future or of any other right or remedy available under this Agreement.

16. **<u>Severability</u>.** If any provision of this Agreement is determined to be void, invalid, unenforceable, or against public policy, such provisions shall be deemed severable from the Agreement, and the remaining provisions of the Agreement will remain unaffected and in full force and effect. Furthermore, any breach by the Company of any provision of this Agreement shall not excuse Executive's compliance with the requirements of Sections 8 or 9, to the extent they are otherwise enforceable.

17. **<u>Arbitration</u>.** Except with respect to injunctive relief which may be sought by the Company or Executive from a court in Harris County, Texas, to which the Parties hereby submit to personal jurisdiction, the Parties agree to resolve any and all claims or controversies past, present, or future arising out of or relating to this Agreement, Executive's employment and/or termination of employment with the Company, including but not limited to claims for wrongful termination of employment, and claims under the Civil Rights Act of 1866, Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Age Discrimination in Employment Act, the Family Medical Leave Act, the Sarbanes-Oxley Act, the Equal Pay Act, the Fair Labor Standards Act, Chapter 21 of the Texas Labor Code, formerly known as the Texas Commission on Human Rights Act, the retaliatory discharge provisions of the Texas Worker's Compensation Act, the Texas Pay Day Act, and any similar state law or local ordinance to binding arbitration under the Federal Arbitration Act, before one neutral arbitrator in the City of Houston, State of Texas, under the American Arbitration Association ("AAA") National Rules for the Resolution of Employment Disputes. If the Parties cannot agree on one arbitrator, a list of seven (7) arbitrators will be requested from AAA, and the arbitrator will be selected using alternate strikes with Executive striking first. The Parties further agree that (i) except as expressly awarded in arbitration and subject to Section 25 below, each party shall be responsible for its own expenses, including but not limited to attorneys' fees in connection with the cost of the arbitration except that the fees of the arbitrators shall be shared equally by Executive and the Company, (ii) collective actions are not permissible unless agreed upon by the parties in writing, (iii) administrative proceedings under the National Labor Relations Act and Title VII of the Civil Rights Act are

not precluded, (iv) the work of Executive involves interstate commerce, and (v) the award rendered by the arbitrator is final and binding, and judgment thereon may be entered in any court having jurisdiction thereof. The invalidity or unenforceability of any provision of this Section shall not affect the validity or enforceability of any other provision of this Agreement which shall remain in full force and effect; *provided, however*, that any claim the Company has for breach of the covenants contained in Sections 8 and 9 of this Agreement shall not be subject to mandatory arbitration, and may be pursued in a court of law or equity.

18. **Entire Agreement.** The terms and provisions contained herein shall constitute the entire agreement between the Parties with respect to Executive's employment with the Company during the time period covered by this Agreement. This Agreement replaces and supersedes any and all existing agreements entered into between Executive and the Company relating generally to the same subject matter.

19. **Modification of Agreement.** This Agreement may not be changed or modified or released or discharged or abandoned or otherwise terminated, in whole or in part, except by an instrument in writing signed by Executive and an officer or other authorized executive of the Company.

20. **Understand Agreement.** Executive represents and warrants that he has read and understood each and every provision of this Agreement, acknowledges that he has obtained or has had the opportunity to obtain independent legal advice from attorneys of his choice, and confirms that Executive has freely and voluntarily entered into this Agreement.

21. **Governing Law.** This Agreement shall be governed by and construed in accordance with the internal laws of the State of Texas without giving any effect to the conflict of laws provisions thereof.

22. **Code Section 409A.** The Parties agree that the Company may amend and/or operate this Agreement to be exempt from or to comply with Code Section 409A including, but not limited to, using the definitions or other terms required by Code Section 409A and including without limitation any notices, rulings, interpretations or regulations issued under Code Section 409A after the date hereof to avoid the application of penalty taxes under Code Section 409A. The Company and Executive shall cooperate in good faith for the adoption of such amendments and/or the operation of the Agreement to avoid the application of penalty taxes under Code Section 409A. The Parties agree that Executive shall have no right to specify the calendar year during which any payment hereunder shall be made.

23. **No Guarantee of Tax Consequences.** None of the Company nor any of its Affiliates or their officers, directors or employees guarantees or shall be responsible or liable for the federal, state, local, domestic and foreign, tax consequences to Executive respecting any payments or benefits provided to Executive under this Agreement, including but not limited to, any excise taxes that may be imposed under Code Section 409A. Executive acknowledges that the Company has advised him to consult his own counsel and/or tax advisor respecting all of the terms of this Agreement, including but not limited to, Sections 7, 8 and 9.

24. **<u>Withholding Taxes</u>.** The Company may withhold from all salary, bonuses, or other benefits or payments under this Agreement all federal, state, local, domestic and foreign, taxes as shall be required pursuant to any law or governmental ruling or regulation as reasonably determined by the Company.

25. **<u>Legal Fees on Change in Control</u>.** If a Date of Termination occurs after a Change in Control occurs, the Company agrees, upon reasonable documentation, to reimburse to the full extent permitted by law, all legal fees and expenses to a maximum of $50,000.00 which Executive, Executive's legal representatives or Executive's family may reasonably incur arising out of or in connection with any arbitration or litigation, if applicable, concerning the validity or enforceability of any provision of the Agreement, or any action by Executive, Executive's legal representatives, or Executive's family to enforce his or their rights under this Agreement, regardless of the outcome of such arbitration or litigation. The expenses that may be reimbursed under this Section 25 shall in no way modify Executive's duty to arbitrate any such claims or the arbitration provisions under Section 17. Notwithstanding the foregoing, to the extent that Code Section 409A is applicable to the expenses under this subsection, and to the extent that no exception under Code Section 409A is applicable, the following shall apply: (a) all expenses that are includable in income to be paid under this subsection shall only be paid if such expenses are incurred prior to the last day of the second (2nd) calendar year following the calendar year in which the Date of Termination occurs; (b) all expenses must be paid by the end of the third (3rd) calendar year following the calendar year in which the Date of Termination occurs; (c) Executive (or his legal representative or family) must provide the Company with reasonable documentation of such expenses; (d) payments for such expenses will be made within 15 business days after reasonable documentation of the expenses incurred has been provided to the Company (and such documentation must be provided within 45 days after the expenses are incurred) but in no event later than the end of Executive's taxable year following the year in which the expenses were incurred; and (e) the payments under this subsection cannot be substituted for another benefit.

26. **<u>Disputed Payments and Refusals to Pay</u>.** If following the Date of Termination, the Company fails to make a payment due under Section 7(e) or Section 25 of this Agreement in whole or in part as of the payment date specified in this Agreement, either intentionally or unintentionally, other than with the express or implied consent of Executive, the Company shall owe Executive interest on the delayed payment, compounded quarterly, if Executive (i) accepts the portion (if any) of the payment that the Company is willing to make (unless such acceptance will result in a relinquishment of the claim to all or part of the remaining amount) and (ii) makes prompt and reasonable good faith efforts to collect the remaining portion of the payment (determined utilizing the standards set forth in Treasury Regulation § 1.409A-3(g)). Any such interest payments shall become due and payable effective as of the applicable payment date(s) specified in (i) Section 7(e) with respect to the delinquent payment(s) due under Section 7(e) and (ii) Section 25 with respect to the delinquent payment(s) due under Section 25. Such interest payable under this Section 26 shall be calculated at a rate equal to an amount equal to two percentage points in excess of the prime commercial lending rate announced from time to time by ***JPMorgan Chase Bank*** or its successor during the period of such nonpayment, compounded quarterly. The Company shall pay such interest payable under this Section 26 no later than the deadline specified in Treasury Regulation § 1.409A-3(g).

27. **Counterparts**. Any number of counterparts of this Agreement may be executed and each such counterpart shall be deemed to be an original instrument, but all such counterparts together shall constitute but one instrument. This Agreement may be executed by portable document format (PDF) or facsimile signature which signature shall be binding upon the Parties.

IN WITNESS WHEREOF, the Parties have executed this Agreement effective as of the Effective Date first written above.

EXECUTIVE

/s/ Ken Neikirk

Name: Ken Neikirk

Date: 5-1-19

THE COMPANY

HELIX ENERGY SOLUTIONS GROUP, INC.

By: /s/ Owen Kratz

Owen Kratz

President and Chief Executive Officer

Date: May 1, 2019

EXHIBIT 31.1

SECTION 302 CERTIFICATION

I, Owen Kratz, the President and Chief Executive Officer of Helix Energy Solutions Group, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Helix Energy Solutions Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 26, 2019

/s/ Owen Kratz
Owen Kratz
President and Chief Executive Officer

EXHIBIT 31.2

SECTION 302 CERTIFICATION

I, Erik Staffeldt, the Executive Vice President and Chief Financial Officer of Helix Energy Solutions Group, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Helix Energy Solutions Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 26, 2019

/s/ Erik Staffeldt

Erik Staffeldt
Executive Vice President and
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF CEO AND CFO PURSUANT TO 18 U.S.C. SECTION 1350
(Adopted Pursuant to Section 906 of Sarbanes-Oxley Act of 2002)

In connection with the Quarterly Report of Helix Energy Solutions Group, Inc. (“Helix”) on Form 10-Q for the quarterly period ended June 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Owen Kratz, as President and Chief Executive Officer, and Erik Staffeldt, as Executive Vice President and Chief Financial Officer, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Helix.

Date: July 26, 2019

/s/ Owen Kratz
Owen Kratz
President and Chief Executive Officer

Date: July 26, 2019

/s/ Erik Staffeldt
Erik Staffeldt
Executive Vice President and
Chief Financial Officer