

Registration No. 333-_____

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-8
REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

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

MINNESOTA 95-3409686
(State or other jurisdiction of (I.R.S. employer
incorporation or organization) identification no.)

400 N. SAM HOUSTON PARKWAY E., SUITE 400, HOUSTON, TEXAS 77060
(Address of principal executive offices, including zip code)

CAL DIVE INTERNATIONAL, INC.
AMENDED 1995 INCENTIVE COMPENSATION PLAN
(Full title of the plan)

Andrew C. Becher, Senior Vice President and General Counsel
Cal Dive International, Inc.
400 N. Sam Houston Parkway E.
Suite 400
Houston, Texas 77060
(281) 618-0400

(281) 618-0400
(Telephone number, including area code, of agent for service)

Approximate date of commencement of proposed sale: FROM TIME
TO TIME AFTER THE EFFECTIVE DATE OF THIS REGISTRATION STATEMENT.

CALCULATION OF REGISTRATION FEE

TITLE OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED(1)	PROPOSED MAXIMUM OFFERING PRICE PER SHARE (2)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (2)	AMOUNT OF REGISTRATION FEE
Common Stock, No par value	1,454,483 shares	\$26 7/8	\$39,089,230	\$11,531.32

- (1) Represents the maximum number of shares of Common Stock of the Registrant which could be purchased of stock set aside for issuance under
- (2) Pursuant to Rule 457(c), the per share price is estimated, solely for the purpose of determining the registration fee, based upon the average of the high and low prices for such common stock on July 8, 1998 as reported on The Nasdaq National Market.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

ITEM 3. INCORPORATION OF DOCUMENTS BY REFERENCE.

The following documents have been filed by Cal Dive International, Inc. (the "Company") (File No. 0-22739) with the Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") and are incorporated by reference herein:

- a. The Company's latest annual report, filed pursuant to Sections 13(a) or 15(d) of the Exchange Act.
- b. All other reports filed by the Company pursuant to Section 13(a) or 15(d) of the Exchange Act since the end of the fiscal year covered by the Company's latest annual report on Form 10-K.

c. The descriptions of the Company's capital stock contained in the Company's Registration Statement on Form S-1 (Registration No. 333-50751).

All documents filed with the Commission by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Registration Statement and prior to the filing of a post-effective amendment which indicates that all securities offered hereby have been sold or which deregisters all such securities then remaining to be sold shall be deemed to be incorporated by reference herein and to be a part hereof from the date of filing of such documents.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes hereof to the extent a statement contained herein or in any subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed to constitute a part hereof, except as so modified or superseded.

ITEM 4. DESCRIPTION OF SECURITIES.

Not applicable.

ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL.

Andrew C. Becher, Senior Vice President and General Counsel of the Company, hold options to purchase 100,000 shares of Common Stock at an exercise price of \$4.50.

ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Article 7 of the Company's Bylaws provides that the Company shall indemnify the directors and officers to such extent as permitted by Minnesota Statutes, Section 302A.521, as now enacted or hereafter amended.

In addition, as allowed by Minnesota Statutes, Section 302A.251, Article IX of the Company's 1997 Amended and Restated Articles of Incorporation provides that a director of the Company shall not be

personally liable to the Company or its stockholders for monetary damages for certain types of breaches of fiduciary duty as a director.

Further, the Company has purchased director and officer liability insurance that insures directors and officers against certain liabilities in connection with the performance of their duties as directors and officers, including liabilities under the Securities Act of 1933, as amended, and provides for payment to the Company of costs incurred by it in indemnifying its directors and officers.

ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED.

Not applicable.

ITEM 8. EXHIBITS.

The following exhibits are filed with this Registration Statement on Form S-8:

EXHIBIT NUMBER	DESCRIPTION
5.1	Opinion of Andrew C. Becher, Senior Vice President and General Counsel, Cal Dive International, Inc., as to the legality of Common Stock of the Company (filed electronically herewith)
23.1	Consent of Arthur Andersen LLP (filed electronically herewith)
23.2	Consent of Andrew C. Becher, Senior vice President and General Counsel, Cal Dive International. Inc. (included in Exhibit 5.1)
24.1	Power of Attorney (included on signature page and filed electronically herewith)
99.2	Amended 1995 Incentive Compensation Plan (filed electronically herewith)

ITEM 9. UNDERTAKINGS.

(A) RULE 415 OFFERING.

The undersigned registrant hereby undertakes:

- (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:
 - (i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;
 - (ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information

set forth in the registration statement; and

- (iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

Provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

- (2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
- (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(B) FILINGS INCORPORATING SUBSEQUENT EXCHANGE ACT DOCUMENTS BY REFERENCE.

The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(C) STATEMENT REQUIRED BY ITEM 512(H) IN CONNECTION WITH FILING OF REGISTRATION STATEMENT ON FORM S-8.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston, State of Texas on July 6, 1998.

CAL DIVE INTERNATIONAL, INC.

By /s/ OWEN KRATZ
Owen Kratz
Chairman and Chief Executive Officer

POWER OF ATTORNEY

We, the undersigned directors and officers of Cal Dive International, Inc., do hereby severally constitute and appoint Owen Kratz and Andrew C. Becher, and each of them singly, our true and lawful attorneys and agents, to do any and all things and acts in our names in the capacities indicated below and to execute any and all instruments for us and in our names in the capacities indicated below which said Owen Kratz or Andrew C. Becher, or either of them, may deem necessary or advisable to enable Cal Dive International, Inc. to comply with the Securities Act of 1933, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission, in connection with the Registration Statement on Form S-8 relating to the offering of Common Stock, including specifically, but not limited to, power and authority to sign for us or any of us in our names in the capacities indicated below the Registration Statement and any and all amendments (including post-effective amendments) thereto; and we hereby ratify and confirm all that Owen Kratz and Andrew C. Becher, or either of them, shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ OWEN KRATZ Owen Kratz	Chairman, Chief Executive Officer, and Director	June 30, 1998
/s/ S. JAMES NELSON S. James Nelson	Executive Vice President and Chief Financial Officer	June 30, 1998
/s/ A. WADE PURSELL A. Wade Pursell	Chief Accounting Officer	June 30, 1998
/s/ GORDON F. AHALT Gordon F. Ahalt	Director	June 30, 1998
/s/ WILLIAM E. MACAULAY William E. Macaulay	Director	June 30, 1998
/s/ DAVID H. KENNEDY David H. Kennedy	Director	June 30, 1998
_____ Thomas M. Ehret	Director	June 30, 1998
_____ Jean-Bernard Fay	Director	June 30, 1998
_____ Kenneth Hulls	Director	June 30, 1998

INDEX TO EXHIBITS

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23.1	Consent of Arthur Andersen LLP (filed electronically herewith)	
23.2	Consent of Andrew C. Becher, Senior Vice President and General Counsel, Cal Dive International, Inc. (included in Exhibit 5.1)	
24.1	Power of Attorney (included on signature page and filed electronically herewith)	
99.1	Amended 1995 Incentive Compensation Plan (filed electronically herewith)	

July 9, 1998

Cal Dive International, Inc.
400 N. Sam Houston Parkway E.

Suite 400
Houston, Texas 77060

Gentlemen:

The undersigned, as General Counsel for Cal Dive International, Inc., a Minnesota Corporation (the "Company"), is rendering this opinion in connection with the registration, pursuant to a Registration Statement on form S-8 being filed with the Securities and Exchange Commission (the "Registration Statement") under the Securities Act of 1933, as amended, of the offering and sale to certain employees and directors of the Company of up to 1,454,483 shares of the Company's common stock, no par value per share (the "Common Stock") which may be issued upon the exercise of certain stock options (the "Options") which may be granted under the Company's 1995 Amended Incentive Compensation Plan (the "Plan").

In such capacity, I have examined the corporate documents of the Company, including its 1997 Amended and Restated Articles of Incorporation, its 1997 Amended and Restated By-Laws and resolutions adopted by our Board of Directors and committees thereof. I have also examined the Registration Statement, together with the exhibits thereto, and such other documents which I have deemed necessary for the purposes of expressing the opinion contained herein. I have relied on representations made by and certificates of the officers of the Company and public officials with respect to certain facts material to my opinion. I have made no independent investigation regarding such representations and certificates.

Based on the foregoing, I am of the opinion that the Options when issued in accordance with the Plan, will be duly exercised in accordance with their respective terms, and the Common Stock issued thereupon will be validly issued, fully paid and nonassessable.

I hereby consent to the filing of this opinion as an exhibit to the Registration Statement.

Very truly yours,

Andrew C. Becher
General Counsel

ACB:sg

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this Registration Statement of our report dated February 19, 1998 included in Cal Dive International Inc.'s Annual Report on Form 10-K for the year ended December 31, 1997 and to all references to our Firm included in this Registration Statement.

/s/ ARTHUR ANDERSEN LLP

Houston, Texas
July 9, 1998

1995 AMENDED LONG TERM INCENTIVE PLAN

OF

CAL DIVE INTERNATIONAL, INC.

1. OBJECTIVES. The 1995 Amended Long Term Incentive Plan of Cal Dive International, Inc. (the "Plan") is designed to retain key executives and other selected employees and reward them for making major contributions to the success of Cal Dive International, Inc., a Minnesota corporation and its Subsidiaries (the "Company"). These objectives are to be accomplished by making awards under the Plan and thereby providing Participants (as hereinafter defined) with a proprietary interest in the growth and performance of the Company and its Subsidiaries.

2. DEFINITIONS. As used herein, the terms set forth below shall have the following respective meanings:

"Award" means the grant of any form of stock option, stock appreciation right, stock award or cash award, whether granted singly, in combination or in tandem, to a Participant pursuant to any applicable terms, conditions and limitations as the Committee or the Board may establish in order to fulfill the objectives of the Plan.

"Award Agreement" means a written agreement between the Company and a Participant that sets forth the terms, conditions and limitations applicable to an Award.

"Board" means the Board of Directors of the Company.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Committee" means such Compensation Committee of the Board as is designated by the Board to administer the Plan. The Committee shall be constituted to permit the Plan to comply with Rule 16b-3.

"Common Stock" means the Common Stock of the Company.

"Director" means an individual serving as a member of the Board.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

"Fair Market Value" means, as of a particular date, but subject to the provisions of other Company agreements binding the Participant from time to time (such as the Company's Amended and Restated Shareholders Agreement) which shall take precedence, (i) if the shares of Common

Stock are listed on a national securities exchange, the mean between the highest and lowest sales price per share of Common Stock on the consolidated transaction reporting system for the principal such national securities exchange on that date, or, if there shall have been no such sale so reported on that date, on the last preceding date on which such a sale was so reported, (ii) if the shares of Common Stock are not so listed but are quoted on the Nasdaq National Market, the mean between the highest and lowest sales price per share of Common Stock on the Nasdaq National Market on that date, or, if there shall have been no such sale so reported on that date, on the last preceding date on which such a sale was so reported (iii) if the Common Stock is not so listed or quoted, the mean between the closing bid and asked price on that date, or if there are no quotations available for such date, on the last preceding date on which such quotations shall be available, as reported by Nasdaq, or, if not reported by Nasdaq, by the National Quotation Bureau, Inc. or (iv) if none of the foregoing apply, as determined in the discretion of the Company's Board from time to time.

"Participant" means an employee or Director of the Company or any of its Subsidiaries to whom an Award has been made under this Plan.

"Rule 16b-3" means Rule 16b-3 promulgated under the Exchange Act, or any successor rule.

"Subsidiary" means any corporation of which the Company directly or indirectly owns shares representing more than 50% of the voting power of all classes or series of capital stock of such corporation which have the right to vote generally on matters submitted to a vote of the stockholders of such corporation.

3. ELIGIBILITY. Employees of the Company and its Subsidiaries eligible

for an Award under this Plan are those who hold positions of responsibility and whose performance, in the judgment of the Committee, can have a significant effect on the success of the Company and its Subsidiaries.

4. COMMON STOCK AVAILABLE FOR AWARDS. There shall be available for Awards granted wholly or partly in Common Stock (including rights or options which may be exercised for or settled in Common Stock) during the term of this Plan, up to (but not to exceed) 10% of the issued and outstanding Common Stock (as adjusted for any subsequent stock splits, stock dividends, recapitalizations, or similar events). This 10% will be calculated in the aggregate, when combined with all other outstanding options or other rights to purchase Common Stock. The Board of Directors and the appropriate officers of the Company shall from time to time take whatever actions are necessary to file required documents with governmental authorities and stock exchanges and transaction reporting systems to make shares of Common Stock available for issuance pursuant to Awards. Common Stock related to Awards that are forfeited or terminated, expire unexercised or if settled in a manner such that all or some of the shares covered by an Award are not issued to a Participant, or are exchanged for Awards that do not involve Common Stock, shall immediately become available for Awards hereunder. The Committee may from time to time adopt and observe such procedures concerning the counting of shares against the Plan maximum as it may deem

appropriate under Rule 16b-3.

5. ADMINISTRATION. Except for approval of Awards and Participants as described in Section 6, this Plan shall be administered by the Committee, which shall have full and exclusive power to interpret this Plan and to adopt such rules, regulations and guidelines for carrying out this Plan as it may deem necessary or proper, all of which powers shall be exercised in the best interests of the Company and in keeping with the objectives of this Plan. The Committee may, in its discretion, provide for the extension of the exercisability of an Award, accelerate the vesting or exercisability of an Award, eliminate or make less restrictive any restrictions contained in an Award, waive any restriction or other provision of this Plan or an Award or otherwise amend or modify an Award in any manner that is either (i) not adverse to the Participant holding such Award or (ii) consented to by such Participant. The Committee may correct any defect or supply any omission or reconcile any inconsistency in this Plan or in any Award in the manner and to the extent the Committee deems necessary or desirable to carry it into effect. Any decision of the Committee in the interpretation and administration of this Plan shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned. No member of the Committee shall be liable for anything done or omitted to be done by him or her, by any member of the Committee or by any officer of the Company in connection with the performance of any duties under this Plan, except for his or her own willful misconduct or as expressly provided by statute.

6. AWARDS. The Committee shall determine, subject to Board approval of each Participant, the type or types of Awards to be made to each Participant under this Plan. Each Award made hereunder shall be embodied in an Award Agreement, which shall contain terms, conditions and limitations as shall be determined by the Committee in its sole discretion and shall be signed by the Participant and by the Chief Executive Officer, or Chief Financial Officer for and on behalf of the Company. Awards may consist of those listed in this Paragraph 6 and may be granted singly, in combination or in tandem. Awards may also be made in combination or in tandem with, in replacement of, or as alternatives to, grants or rights (i) under this Plan or any other employee plan of the Company or any of its Subsidiaries, including the plan of any acquired entity, or (ii) made to any Company or Subsidiary employee by the Company or any Subsidiary. An Award may provide for the granting or issuance of additional, replacement or alternative Awards upon the occurrence of specified events, including the exercise of the original Award.

(a) STOCK OPTION. An Award may consist of a right to purchase a specified number of shares of Common Stock at a specified price that is not less than the Fair Market Value of the Common Stock on the date of grant. A stock option may be in the form of an incentive stock option ("ISO") which, in addition to being subject to applicable terms, conditions and limitations established by the Committee, complies with Section 422 of the Code and may, at the discretion of the Committee, be converted at any time to a Stock Appreciation Right as specified in the Participant's Stock Option Agreement. The maximum number of shares which may be issued hereunder as ISO's is 600,000.

(b) STOCK APPRECIATION RIGHT. An award may consist of a right to receive a payment, in cash or Common Stock, equal to the excess of the Fair Market Value or other specified valuation of a specified number of shares of Common Stock on the date the stock appreciation right ("SAR") is exercised over a specified "Exercise Price" as set forth in the applicable Award Agreement.

(c) STOCK AWARD. An Award may consist of Common Stock. All or part of any stock award may be subject to conditions established by the Committee, and set forth in the Award Agreement, which may include, but are not limited to, continuous service with the Company and its Subsidiaries, accelerated vesting based upon events such as a change in control of the Company, achievement of specific business objectives, increases in specified indices, attaining specified growth rates and other comparable measurements of performance and the right of the Committee to convert the Award to a Stock Appreciation Right. Such Awards may be based on Fair Market Value or other specified valuations. The certificates evidencing shares of Common Stock issued in connection with a stock award shall contain appropriate legends and restrictions describing the terms and conditions of the restrictions applicable thereto.

(d) CASH AWARD. An award may be denominated in cash with the amount of the eventual payment subject to future service and such other restrictions and conditions as may be established by the Committee, and set forth in the Award Agreement, including, but not limited to the same conditions for a Stock Award.

7. PAYMENT OF AWARDS.

(a) GENERAL. Payment of Awards may be made in the form of cash or Common Stock or combinations thereof and may include such restrictions as the Committee shall determine, including in the case of Common Stock, restrictions on transfer and forfeiture provisions. As used herein, "Restricted Stock" means Common Stock that is restricted or subject to forfeiture provisions.

(b) DEFERRAL. With the approval of the Committee, payments may be deferred, either in the form of installments or a future lump sum payment. The Committee may permit selected Participants to elect to defer payments of some or all types of Awards in accordance with procedures established by the Committee. Any deferred payment, whether elected by the Participant or specified by the Award Agreement or by the Committee, may be forfeited if and to the extent that the Award Agreement so provides.

(c) DIVIDENDS AND INTEREST. Dividends or dividend equivalent rights may be extended to and made part of any Award denominated in Common Stock or units of Common Stock, subject to such terms, conditions and restrictions as the Committee may establish. The Committee may also establish rules and procedures for the crediting of interest on deferred cash payments and dividend equivalents for deferred payment denominated in Common Stock or units of Common Stock.

(d) SUBSTITUTION OF AWARDS. At the discretion of the Committee, a Participant may be offered an election to substitute an Award for another Award or Awards of the same or different type.

8. STOCK OPTION EXERCISE. The price at which shares of Common Stock may be purchased under a stock option shall be paid in full at the time of exercise in cash or, if permitted by the Committee, by means of tendering Common Stock valued at Fair Market Value on the date of exercise, or any combination thereof. The Committee shall determine acceptable methods for tendering Common Stock to exercise a stock option as it deems appropriate. If permitted by the Committee, payment may be made by successive exercises by the Participant. The Committee may provide for loans from the Company to permit the exercise or purchase of Awards and may provide for procedures to permit the exercise or purchase of Awards by use of the proceeds to be received from the sale of Common Stock issuable pursuant to an Award.

9. TAX WITHHOLDING. The Company shall have the right to deduct applicable taxes from any Award payment and withhold, at the time of delivery or vesting of cash or shares of Common Stock under this Plan, an appropriate amount of cash or number of shares of Common Stock or a combination thereof for payment of taxes required by law or to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for withholding of such taxes. The Committee may also permit withholding to be satisfied by the transfer to the Company of shares of Common Stock theretofore owned by the holder of the Award with respect to which withholding is required. If shares of Common Stock are used to satisfy tax withholding, such shares shall be valued based on the Fair Market Value when the tax withholding is required to be made.

10. AMENDMENT, MODIFICATION, SUSPENSION OR TERMINATION. The Board may amend, modify, suspend or terminate this Plan for the purpose of meeting or addressing any changes in legal requirements or for any other purpose permitted by law except that (i) no amendment or alteration that would impair the rights of any participant under any Award previously granted to such Participant shall be made without such Participant's consent and (ii) no amendment or alteration shall be effective prior to approval by the Company's stockholders to the extent such approval is then required pursuant to Rule 16b-3 in order to preserve the applicability of any exemption provided by such rule to any Award then outstanding (unless the holder of such Award consents) or to the extent stockholder approval is otherwise required by applicable legal requirements.

11. NO GUARANTEE OF AND TERMINATION OF EMPLOYMENT.

a. Holder and the Company acknowledge and agree that this Option is not intended and should not be construed to grant the Holder any right to continued employment with the Company or to otherwise define the Terms of Holder's employment or service with the Company.

b. This Option, to the extent vested, may be exercised in whole or in part at any

time prior to termination of employment. On termination of employment (for whatever reason), all options and Awards which are not vested at that time shall be forfeited. To the extent a Stock Option or Stock Appreciation Right is vested at termination of employment, the employee or director (or his executor or beneficiary in the event of his death) may exercise the Option or Stock Appreciation Right until the earlier to occur of (1) expiration of the Option or Stock Appreciation Right by its terms; or (2) sixty (60) days after termination of employment.

12. ASSIGNABILITY. Unless otherwise determined by the Committee and provided in the Award Agreement, no Award or any other benefit under this Plan shall be assignable or otherwise transferable except by will or the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act, or the rules thereunder. The Committee may prescribe and include in applicable Award Agreements other restrictions on transfer. Any attempted assignment of an Award or any other benefit under this Plan in violation of this Paragraph 12 shall be null and void.

13. ADJUSTMENTS.

(a) The existence of outstanding Awards shall not affect in any manner the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, changes of control or other changes in the capital stock of the Company or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or prior preference stock (whether or not such issue is prior to, on a parity with or junior to the Common Stock) or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding of any kind, whether or not of a character similar to that of the acts or proceedings enumerated above.

(b) In the event of any subdivision or consolidation of outstanding shares of Common Stock or declaration of a dividend payable in shares of Common Stock or recapitalizations or reclassification or other transaction involving an increase or reduction in the number of outstanding shares of Common Stock, the Committee may adjust proportionally (i) the number of shares of Common Stock reserved under this Plan and covered by outstanding Awards denominated in Common Stock or units of Common Stock; (ii) the exercise or other price in respect of such Awards; and (iii) the appropriate Fair Market Value and other price determinations for such Awards. In the event of any consolidation or merger of the Company with another corporation or entity or the adoption by the Company of a plan of exchange affecting the Common Stock or any distribution to holders of Common Stock of securities or property (other than normal cash dividends or dividends payable in Common Stock), the Committee shall make such adjustments or other provisions as it may deem equitable, including adjustments to avoid fractional shares, to give proper effect to such event. In the event of a corporate merger, consolidation, acquisition of property or stock, separation, change of control or liquidation, the Committee shall be authorized to issue or assume stock options, regardless of whether in a transaction to which Section 424(a) of the Code applies, by means of substitution of new options for previously issued options or an assumption of previously issued options, or to make provision for the acceleration of the exercisability of, or lapse of restrictions with respect to, Awards and the termination of

unexercised options in connection with such transaction.

14. RESTRICTIONS. No Common Stock or other form of payment shall be issued with respect to any Award unless the Company shall be satisfied based on the advice of its counsel that such issuance will be in compliance with applicable federal and state securities laws. It is the intent of the Company that this Plan comply with Rule 16b-3 with respect to persons subject to Section 16 of the Exchange Act unless otherwise provided herein or in an Award Agreement, that any ambiguities or inconsistencies in the construction of this Plan be interpreted to give effect to such intention, and that if any provision of this Plan is found not to be in compliance with rule 16b-3, such provision shall be null and void to the extent required to permit this Plan to comply with Rule 16b-3. Certificates evidencing shares of Common Stock delivered under this Plan may be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any securities exchange or transaction reporting system upon which the Common Stock is then listed and any applicable federal and state securities law. The Committee may cause a legend or legends to be placed upon any such certificates to make appropriate reference to such restrictions.

15. UNFUNDED PLAN. Insofar as it provides for Awards of Common Stock, cash or rights thereto, this Plan shall be unfunded. Although bookkeeping accounts may be established with respect to Participants who are entitled to cash, Common Stock or rights thereto under this Plan, any such accounts shall be used merely as a bookkeeping convenience. The Company shall not be required to segregate any assets that may at any time be represented by cash, Common Stock or rights thereto, nor shall this Plan be construed as providing for such segregation, nor shall the Company nor the Board nor the committee be deemed to be a trustee of any cash, Common Stock or rights thereto to be granted under this Plan. Any liability or obligation of the Company to any Participant with respect to a grant of cash, Common Stock or rights thereto under this Plan shall be based solely upon any contractual obligations that may be created by this Plan and any Award Agreement, and no such liability or obligation of the Company shall be deemed to be secured by any pledge or other encumbrance on any property of the Company. Neither the Company nor the Board nor the Committee shall be required to give any security or bond for the performance of any obligation that may be created by this Plan.

16. GOVERNING LAW. This Plan and all determinations made and actions taken pursuant hereto, to the extent not otherwise governed by mandatory provisions of the Code or the securities laws of the United States, shall be governed by and construed in accordance with the laws of the State of Texas.

17. EFFECTIVE DATE OF PLAN. This Plan shall be effective as of the date (the "Effective Date") it is approved by the Board of Directors of the Company. Notwithstanding the foregoing, the adoption of this Plan is expressly conditioned upon the approval by the holders of a majority of shares of Common Stock present, or represented, and entitled to vote at a meeting of the Company's stockholders held on or before November 3, 1995. If the stockholders of the Company should fail to approve this Plan prior to such date, this Plan shall terminate and cease to be of any further force or effect and all grants of Awards hereunder shall be null and void.