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2002 FIRST QUARTER REPORT

May 2, 2002

To Our Shareholders:

Deployment of new contracting assets enabled your Company to absorb most of the revenue impact associated with the dramatic decline in commodity prices. We were particularly pleased with the way our new Canyon robotics company came out of the chute. Not only did Canyon's revenues comprise substantially all of the contracting gain but 60% of that volume was related to trenching activities in the Far East, a new geographic region for CDI. Historically, Cal Dive has been able to rely upon superior offshore project performance to deliver solid margins even in difficult market conditions such as those experienced in Q1. This year, however, management of our DP fleet was not up to those standards as we attempted to respond to *Nansen*/*Boomvang* and shipyard delays. In the second quarter we expect to complete the rollout of $400 million of new construction assets and be in the initial stages of funding another $250 million related to production partnering projects (*Gunnison*, *Marco Polo*, and ERT acquisitions). We are comfortable with initial analyst estimates that target a tripling in our earnings in 2004 when we expect to realize the full benefits of this aggressive expansion program.

Financial Highlights

Revenues within 8% of last year and net income that represents 6% of revenues set Cal Dive apart from the Q1 results of our Gulf of Mexico contracting brethren.

	First Quarter		
	2002	**2001**	**Decrease**
Revenues	**$53,928,000**	**$58,482,000**	**8%**
Net Income	**3,001,000**	**10,774,000**	**72%**
Diluted Earnings Per Share	**0.09**	**0.33**	**73%**

* **Revenues:** A 42% improvement in contracting revenues was driven by the acquisition of Canyon Offshore and one-half month of operations of our newly acquired and upgraded DP mono-hull, the *Eclipse*. Natural gas and oil revenues declined by two-thirds as our average natural gas price was $2.55/mcf, down almost $4.00 from the $6.50 realized in Q1 a year ago.

* **Margins:** While 21% overall was in line with expectations, contracting margins of only 15% compare to the 20% reported in Q1 a year ago and the preceding fourth quarter of 2001. ERT margins of 46% are not that far off the 59% reported in last year's high commodity price environment.

* **SG&A:** $6.3 million increased by $700,000 over Q1 of 2001 as the Canyon acquisition added $1.0 million to our ongoing overhead base.

* **Liquidity:** EBITDA of $11 million represents a respectable 20% of revenues. This cash flow together with $37 million of cash on hand at the beginning of the year and $60 million of borrowing funded the Canyon acquisition and ongoing vessel construction (*Q4000, Intrepid* and *Eclipse*).

Operational Highlights

- **Deepwater Contracting:** First the good news – 92% utilization highlights the ability of our DP fleet to work throughout the difficult winter weather months. The ***Uncle John*** continued her string of full utilization which included the kickoff of the 2002 Deepwater coring campaign with Alliance partner Fugro. The initial phase of the coring work involved geotechnical sampling in 4,000 fsw to 6,500 fsw at *Mad Dog* (BP), *Front Runner* (Murphy), and *Marco Polo* (Anadarko). After returning from Trinidad early in the year the ***Witch Queen*** worked a number of construction projects in the Gulf before mobilizing to Mexico on March 1. The ***Mystic Viking*** was deployed in Mexican waters throughout the quarter supporting Horizon Offshore/Pemex in the Bay of Campeche. The ***Merlin's*** schedule was impacted by ROV downtime and then the third party delay in setting the topsides at *Boomvang*, resulting in only 42% utility. $6.2 million of *Nansen*/*Boomvang* revenues in Q1 involved the completion of the subcontracted flowline lay portion of the job. Profitability suffered due to low margins realized on *Nansen*/*Boomvang* and the breakdown of the *Merlin* (which impacted the timing of the flowline installation). In addition, the poor physical condition of a third party DP vessel brought in to assist with the shifting schedules actually produced a slight loss at the end of the charter term.

- **Canyon Offshore:** On January 4, 2002 we acquired Canyon Offshore, a company that owns 15 work class ROVs and four trenching units, and operates another eight trenching units on behalf of others. $11.4 million of first quarter revenues compares to $7.2 million a year ago with virtually all of the improvement coming in trenching operations. Revenues include $2.1 million associated with the operation of ROVs on CDI vessels. Margins were within shouting distance of the 30% which CDI targets for its contracting operations. We are particularly impressed with the leverage available in the Canyon operation; i.e. while the company performed spot on the Q1 plan, the utility of its ROV fleet was only 50%. In June we take delivery of the newbuild ***Northern Canyon***, a $25 million, 270-foot state-of-the-art ROV support vessel which will be chartered and deployed initially in the North Sea.

- **Shelf Contracting:** Revenues of the vessels dedicated to the OCS declined by 17% as low commodity prices had many of our customers significantly reducing CAPEX budgets; in addition, both the ***Barge I*** and ***Cal Diver II*** were in drydock. **Aquatica** showed a slight increase in revenues as we doubled the capacity of our shallow water operation in March a year ago with the purchase of the PDNO assets. Margins for work on the Outer Continental Shelf declined across the board as there is intense competition for what work is in this market.

- **Production Partnering:** Energy Resource Technology (**ERT**) managed extremely well in a volatile market. Production of 2.9 BCFe was at the high end of our forecast and up from 2.8 BCFe in Q4 as we opened the choke on a number of wells where production had been restricted awaiting higher natural gas prices. We realized an average of $2.55/mcf for natural gas, down 60% from year ago levels. Our average oil price was $20.50/bbl in contrast to $27.30 in the 2001 first quarter. Oil production increased to 34% of volumes versus 27% in the same period last year, resulting in oil and condensate representing 40% of Q1 revenues, double the 20% in 2001. Gross profit margins in the quarter were aided as depletion ran at 22% of revenues versus 27% in the same period of 2001. During the quarter ERT made three small property acquisitions (two increasing ownership in ERT operated properties) which added 2 BCFe of reserves and for which we were paid $2.1 million to assume the related abandonment obligation.

- **Financing Strategy:** We have incurred total borrowing of approximately $181 million at March 31, 2002 in conjunction with the expansion program described elsewhere in this report. Completion of the two large vessels in Q2 (***Q4000*** and ***Intrepid***) and funding of the *Gunnison* and *Marco Polo* production facilities will take debt to total capitalization close to 50%. This degree of leverage makes it difficult for us to respond to some interesting opportunities and limits our ability to consider follow on "*Marco Polo*" type projects. As a result, we expect to file shortly a registration statement for the issuance of common stock to respond to these opportunities. Any offering will only be made by means of a prospectus, and this report does not constitute an offer of securities.

- **Forecast:** The accompanying appendix projects second quarter diluted earnings per share in a range of 17 to 21 cents. Further, we expect that a strong second half will result in full year earnings within our original guidance of 85 cents to 95 cents.

Respectfully submitted,

Owen E. Kratz	Martin R. Ferron	S. James Nelson, Jr.
Chairman	President	Vice Chairman
Chief Executive Officer	Chief Operating Officer	

APPENDIX

DISCLOSURE OF SECOND QUARTER 2002 ESTIMATES

This narrative sets forth current estimates of operating and financial data for the quarter ending June 30, 2002. All of the assumptions upon which these estimates are based constitute ***forward looking statements*** within the meaning of Section 27 A of the Securities Act of 1933, Section 21 E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. Although we believe that these forward looking statements are based on reasonable assumptions, a number of factors could affect the future results of the Company or the offshore oilfield industry generally, and could cause actual results to differ materially from those estimated. Those factors are set forth in more detail in our 2001 Form 10-K Annual Report filed with the Securities and Exchange Commission, to which the reader is referred.

Second Quarter

- **Vessel Availability:** The ***Q4000*** is currently in transit for two projects offshore Brazil where we hope to obtain additional work during the quarter. The ***Intrepid*** is completing sea trials and is expected to be placed in service on or about May 15 to assist with completion of *Nansen*/*Boomvang*. The ***Northern Canyon*** appears on schedule to commence operations in the North Sea in June. There are no significant drydock or upgrade programs scheduled in the quarter.

- **Project Timing:** Installation of the *Boomvang* topsides is underway, following three months of weather delays, which suggests that our portion of this project should be substantially completed during the second quarter. However, delays in fabrication of the platform scheduled to be installed at the *Bombax* project Offshore Trinidad will push our pipeline construction work into Q3. In addition, delays in the mobilization of ROVs on customer vessels will lower Canyon Offshore Q2 revenues.

- **Contracting Revenues:** Range from $50 million to $60 million with the fairly wide spread a function of utilization of the ***Q4000*** and ***Intrepid*** once placed into service during the quarter.

- **Commodity Prices:** We have hedged approximately 33% of Q2 natural gas production at $3.46/mcf and from 17% (April) to 33% (May and June) of oil production at an average of $25.87/bbl.

- **Gas & Oil Production:** 2.7 to 3.1 BCFe, basically comparable to Q1.

- **Margins:** Gross profit margins are expected between 20% and 25% depending in part upon the utilization and rates associated with the new DP vessels.

- **SG&A:** Should run between $6.0 million and $6.5 million.

- **Tax Rate:** 35%, consistent with prior quarters.

- **Shares Outstanding:** 33.2 million to 33.4 million fully diluted shares before giving effect to any offering of common stock.

- **EPS:** Diluted earnings per share are projected in a range of 17 to 21 cents.

CAL DIVE INTERNATIONAL, INC.

Comparative Consolidated Statements of Operations

(000's omitted, except per share data)	Three Months Ended March 31, 2002	2001
Net Revenues:		
Subsea and Salvage	$44,370	$31,282
Natural Gas and Oil Production	9,558	27,200
Total Revenues	53,928	58,482
Cost of Sales:		
Subsea and Salvage	37,690	25,170
Natural Gas and Oil Production	5,120	11,054
Gross Profit	11,118	22,258
Selling and Administrative	6,306	5,607
Interest (Income), net & Other	196	151
Income Before Income Taxes	4,616	16,500
Income Tax Provision	1,615	5,726
Net Income	$3,001	$10,774
Other Financial Data:		
Depreciation and Amortization:		
Subsea and Salvage	$4,308	$3,206
Natural Gas and Oil Production	2,005	7,189
EBITDA (1)	10,954	26,890
Weighted Avg. Shares Outstanding:		
Basic	32,648	32,308
Diluted	32,932	33,072
Earnings Per Common Share:		
Basic	$0.09	$0.33
Diluted	$0.09	$0.33

(1) The Company calculates EBITDA as earnings before net interest expense, taxes, depreciation and amortization. EBITDA is a supplemental financial measurement used by CDI and investors in the marine construction industry in the evaluation of its business.

Comparative Consolidated Balance Sheets

ASSETS (000'S omitted)	March 31, 2002	Dec. 31, 2001	*LIABILITIES & SHAREHOLDERS' EQUITY*	March 31, 2002	Dec. 31, 2001
Current Assets:			Current Liabilities:		
Cash and cash equivalents	$4,103	$37,123	Accounts payable	$31,625	$42,252
Accounts receivable	68,525	56,186	Accrued liabilities	19,822	21,011
Income tax receivable	0	0	Income tax payable	0	0
Other current assets	21,240	20,055	Current Mat of L-T Debt	4,550	1,500
Total Current Assets	93,868	113,364	Total Current Liabilities	55,997	64,763
			Long-Term Debt	163,920	98,048
			Deferred Income Taxes	58,178	54,631
Net Property & Equipment	386,642	331,312	Decommissioning Liabilities	32,528	29,331
Goodwill	60,185	14,973	Redeemable Stock in Sub	7,688	0
Other Assets	14,767	13,473	Shareholders' Equity	237,151	226,349
Total Assets	$555,462	$473,122	Total Liabilities & Equity	$555,462	$473,122

Certain statements in this press release are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are neither statements of historical fact nor guarantees of future performance or events. Forward-looking statements involve risksand assumptions that could cause actual results to vary materially from those predicted. Among other things, these include unexpected delays and operational issues associated with turnkey projects, the price of crude oil and natual gas, weather conditions in offshore markets, changes in site conditions in offshore markets, changes in site conditions, and capital expenditures by customers. The Company strongly encourages readers to note that some or all of the assumptions upon which such forward looking statements are based are beyond the Company's ability to control or estimate precisely and may in some cases be subject to rapid and material change.