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

# Form 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
**For the fiscal year ended December 31, 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)* |

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

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 |

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☑ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☑ No

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2019 was approximately $905.9 million.

The number of shares of the registrant's common stock outstanding as of February 21, 2020 was 149,962,115.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the definitive Proxy Statement for the Annual Meeting of Shareholders to be held on May 20, 2020 are incorporated by reference into Part III hereof.

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**Forward Looking Statements**

This Annual Report on Form 10-K ("Annual Report") contains or incorporates by reference various statements that contain forward-looking information regarding Helix Energy Solutions Group, Inc. and represent our current expectations or forecasts of 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 (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements included herein or incorporated by reference herein 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 although not all forward-looking statements contain such identifying words. 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;
- 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 differ materially 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 U.S. Tax Cuts and Jobs Act (the “2017 Tax Act”) and regulations thereunder;
- the impact of U.K.’s exit from the European Union (the “EU”), 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, potential illiquidity of those currencies 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 also differ materially from those anticipated in any forward-looking statements as a result of a variety of factors, including those described in “Risk Factors” beginning on page 15 and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 30 of this Annual Report. Should one or more of the risks or uncertainties described in this Annual Report occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

We caution you not to place undue reliance on the forward-looking statements. 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, all of which are expressly qualified by the statements in this section, or provide reasons why actual results may differ. All forward-looking statements, expressed or implied, included in this Annual Report are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue. We urge you to carefully review and consider the disclosures made in this Annual Report and our reports filed with the Securities and Exchange Commission (“SEC”) and incorporated by reference herein that attempt to advise interested parties of the risks and factors that may affect our business. Please see “Website and Other Available Information” for further details.

## PART I

### Item 1. *Business*

### OVERVIEW

Helix Energy Solutions Group, Inc. (together with its subsidiaries, unless context requires otherwise, “Helix,” the “Company,” “we,” “us” or “our”) was incorporated in 1979 and in 1983 was re-incorporated in the state of Minnesota. 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. Our services cover the lifecycle of an offshore oil or gas field. We provide services and methodologies that we believe are critical to maximizing production economics. 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. For additional information regarding our strategy and business operations, see sections titled “Our Strategy” and “Our Operations” included within Item 1. *Business* of this Annual Report.

Our principal executive offices are located at 3505 West Sam Houston Parkway North, Suite 400, Houston, Texas 77043; our phone number is 281-618-0400. Our common stock trades on the New York Stock Exchange (“NYSE”) under the ticker symbol “HLX.” Our Chief Executive Officer submitted the annual CEO certification to the NYSE as required under its Listed Company Manual in June 2019. Our principal executive officer and our principal financial officer have made the certifications required under Section 302 of the Sarbanes-Oxley Act, which are included as exhibits to this Annual Report.

Please refer to the subsection “Certain Definitions” on page 13 for definitions of additional terms commonly used in this Annual Report. Unless otherwise indicated, any reference to Notes herein refers to Notes to Consolidated Financial Statements in Item 8. *Financial Statements and Supplementary Data* located elsewhere in this Annual Report.

## OUR 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. Our well intervention fleet expanded with the delivery in November 2019 of the *Q7000*, a newbuild semi-submersible vessel. The *Q7000* commenced operations in Nigeria in January 2020. Chartering vessels with additional capabilities, such as the *Grand Canyon* vessels, should enable our robotics business to better serve the needs of our customers. We expect to benefit from longer-term contracts that offer firm utilization for our vessels and equipment, and we seek to improve utilization of our well intervention fleet in the Gulf of Mexico as we acquire oil and gas properties and perform the plug and abandonment ("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.

## OUR OPERATIONS

We have three reportable business segments: Well Intervention, Robotics and Production Facilities. We provide a full range of services primarily in deepwater in the Gulf of Mexico, Brazil, North Sea, Asia Pacific and West Africa regions. 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 *Q7000*, the *Seawell*, the *Well Enhancer*, and the chartered *Siem Helix 1* and *Siem Helix 2* vessels. 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, two robotics support vessels under long-term charter: the *Grand Canyon II* and the *Grand Canyon III*, and spot vessels, including the *Ross Candies*, which is under a flexible charter agreement. Our Production Facilities segment includes the *Helix Producer I* (the "*HP I*"), a dynamically positioned floating production vessel that currently processes production from the Phoenix field for the field operator, the Helix Fast Response System (the "HFRS"), our ownership interest in Independence Hub, LLC ("Independence Hub") and our ownership of oil and gas properties. All of our current production facilities activities are located in the Gulf of Mexico. See Note 15 for financial results related to our business segments.

Our current services include:

- *Production.* Well intervention; intervention engineering; production enhancement; inspection, repair and maintenance of production structures, trees, jumpers, risers, pipelines and subsea equipment; and support for life of field services.
- *Decommissioning.* Reclamation and remediation services; well P&A services; pipeline abandonment services; and site inspections.
- *Development.* Installation of flowlines, control umbilicals, manifold assemblies and risers; trenching and burial of pipelines; installation and tie-in of riser and manifold assembly; commissioning, testing and inspection; and cable and umbilical lay and connection. We have experienced increased demand for our services from the renewable energy industry. Some of the services that we provide to these renewable energy businesses include subsea power cable installation, trenching and burial, along with seabed coring and preparation for construction of wind turbine foundations.
- *Production facilities.* Provision of our *HP I* vessel as an oil and natural gas processing facility for services to oil and gas companies operating in the deepwater of the Gulf of Mexico. Currently, the *HP I* is being utilized to process production from the Phoenix field.
- *Fast Response System.* Provision of the HFRS as a response resource in the Gulf of Mexico that can be identified in permit applications to U.S. federal and state agencies and respond to a well control incident.

***Well Intervention***

We engineer, manage and conduct well intervention operations, which include production enhancement and abandonment, and construction operations in water depths ranging from 200 to 10,000 feet. As major and independent oil and gas companies develop deepwater reserves, we expect the number of subsea trees to increase, which can improve long-term demand for well intervention services. Historically, drilling rigs were used in subsea well intervention to troubleshoot or enhance production, shift sleeves, log wells or perform recompletions. Our well intervention vessels serve as work platforms for well intervention services at costs that generally have been less than those of offshore drilling rigs. Our vessels derive competitive advantages from their lower operating costs, with an ability to mobilize quickly and to maximize operational time by performing a broad range of tasks related to intervention, construction, inspection, repair and maintenance. Our services provide a cost advantage in the development and management of subsea reservoirs. We expect demand for our services to increase due to efficiency gains from our specialized intervention assets.

Our well intervention business currently operates seven vessels and various equipment such as IRSs and SILs, providing services primarily in the Gulf of Mexico, Brazil, the North Sea and West Africa.

The *Q7000*, our newly completed semi-submersible well intervention vessel built to U.K. North Sea standards, was delivered to us in November 2019. The vessel commenced integrated well intervention operations offshore Nigeria in January 2020.

In the Gulf of Mexico, our *Q4000*, a riser-based semi-submersible well intervention vessel, commenced operations in 2002 and serves customers in the spot market. In 2010, the *Q4000* served as a key emergency response vessel in the Macondo well control and containment efforts. Our *Q5000* riser-based semi-submersible well intervention vessel commenced operations in the Gulf of Mexico in 2015 and is under a five-year contract with BP into 2021.

In Brazil, we provide well intervention services to Petróleo Brasileiro S.A. (“Petrobras”) with the *Siem Helix 1* and *Siem Helix 2* vessels that we charter from Siem Offshore AS (“Siem”). The initial term of the agreements with Petrobras is for four years, with options to extend by agreement of both parties for an additional period of up to four years. The *Siem Helix 1* commenced operations for Petrobras in April 2017 and the *Siem Helix 2* commenced operations for Petrobras in December 2017. The initial term of the charter agreements with Siem is for seven years with options to extend.

In the North Sea, the *Well Enhancer* has performed well intervention, abandonment and coil tubing services since it joined our fleet in 2009. The *Seawell* has provided well intervention and abandonment services since 1987, and the vessel underwent major capital upgrades in 2015 to extend its estimated useful economic life by approximately 15 years.

***Robotics***

We have been actively engaged in robotics for over three decades. We operate robotics assets designed to complement offshore construction, maintenance and well intervention services, and often integrate these services with chartered vessels. Our robotics business unit primarily operates in the Gulf of Mexico, North Sea, West Africa and Asia Pacific regions. As global marine construction support operates in deeper waters, the use and scope of robotics services has expanded. Our robotics assets and experience, coupled with our chartered vessel fleet and schedule flexibility, allow us to meet the technological challenges of our customers’ subsea activities worldwide. Our robotics assets currently include 44 ROVs, four trenchers and one ROVDrill. We charter vessels to support deployment of our robotics assets, and engage spot vessels on short-term charter agreements as needed. Vessels currently under long-term charter agreements include the *Grand Canyon II* and the *Grand Canyon III*. The *Grand Canyon* charter terminated in November 2019.

Over the last decade there has been an increase in offshore activity associated with the growing renewable energy industry. As the level of activity for offshore renewable energy projects, including wind farm projects, has increased, so has the need for reliable services and related equipment. Historically, this work was performed by barges and other similar vessels, but these types of services are increasingly being contracted to vessels more suitable for harsh offshore weather conditions, especially in Northern Europe where offshore wind farming is currently concentrated. We provide burial services related to subsea power cable installations as well as seabed clearing services around the world using our chartered vessels, ROVs and trenchers. In 2019, revenues derived from offshore renewables contracts accounted for 36% of our global robotics revenues. We believe that over the long term our robotics business unit is positioned to continue providing services to a range of clients in the renewable energy industry.

***Production Facilities***

We own the *HP I*, a ship-shaped dynamically positioned floating production vessel capable of processing up to 45,000 barrels of oil and 80 million cubic feet of natural gas per day. The *HP I* has been under contract to the Phoenix field operator since February 2013 and is currently under a fixed fee agreement through at least June 1, 2023.

We own a 20% interest in Independence Hub, which owns the Independence Hub platform. The platform is currently in the process of being decommissioned.

We developed the HFRS in 2011 as a culmination of our experience as a responder in the 2010 Macondo well control and containment efforts. The HFRS combines the *HP I* , the *Q4000* and the *Q5000* with certain well control equipment that can be deployed to respond to a well control incident. In January 2019 we renewed the agreements that provide various operators with access to the HFRS for well control purposes on newly agreed-upon rates and terms. These agreements are through March 31, 2021 and automatically renew on an annual basis absent proper notice of termination.

In January 2019 we acquired from Marathon Oil Corporation (“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 agreed to pay us certain amounts as we complete the P&A of the acquired assets, which we can perform as our schedule permits, subject to regulatory timelines. We completed the P&A of two of the Droshky wells during 2019, and we expect limited production associated with the remaining Droshky wells.

## GEOGRAPHIC AREAS

We primarily operate in the Gulf of Mexico, Brazil, North Sea, Asia Pacific and West Africa regions. See Note 15 for revenues as well as property and equipment by geographic location.

## CUSTOMERS

Our customers consist primarily of major and independent oil and gas producers and suppliers, pipeline transmission companies, renewable energy companies and offshore engineering and construction firms. The level of services required by any particular customer depends, in part, on the size of that customer’s budget in a particular year. Consequently, a customer that accounts for a significant portion of revenues in one fiscal year may represent an immaterial portion of revenues in subsequent fiscal years. The percentages of consolidated revenues from major customers (those representing 10% or more of our consolidated revenues) are as follows: 2019 — Petrobras (29%), BP (15%) and Shell (13%); 2018 — Petrobras (28%) and BP (15%); and 2017 — BP (19%), Petrobras (13%) and Talos (10%). We provided services to over 50 customers in 2019.

## COMPETITORS

The oilfield services industry is highly competitive. While price is a factor, the ability to access specialized vessels, attract and retain skilled personnel, and operate safely are also important to competing in the industry. Our principal competitors in the well intervention business include Baker Hughes, Expro Group, Oceaneering International, Inc., TIOS and international drilling contractors. Our principal competitors in the robotics business include C-Innovation, LLC, DeepOcean Group, DOF Subsea Group, Fugro N.V., Oceaneering International, Inc. and ROVOP. Our competitors may have more financial, personnel, technological and other resources available to them.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We continue to implement and improve Environmental, Social and Governance ("ESG") initiatives and disclosures throughout our business. In conjunction with support from management and our Board of Directors (our "Board"), we incorporate ESG initiatives into our core business values and priorities of safety, sustainability and value creation. We emphasize constant improvement by continually striving to improve our safety record, reducing our environmental impact, and increasing transparency. In 2019, we continued to decrease our Total Recordable Incident Rate from prior years, continued to expand our business with renewable energy customers, and published our first Corporate Sustainability Report. A copy of our current Corporate Sustainability Report is available on our website at www.HelixESG.com/about-helix/corporate-sustainability.

## TRAINING, SAFETY, HEALTH, ENVIRONMENT AND QUALITY ASSURANCE

Our corporate vision of a zero-incident workplace is based on the belief that all incidents are preventable and that we manage our working conditions to eliminate unsafe behavior. We have established a corporate culture in which QHSE takes priority over our other business objectives. Everyone at Helix has the authority and the duty to "STOP WORK" they believe is unsafe.

Our QHSE management systems and training programs were developed based on common industry work practices, and by employees with on-site experience who understand the risk and physical challenges of the offshore work environment. As a result, we believe that our QHSE programs are among the best in the industry, and we continuously seek to improve our control of QHSE risks and the safe behavior of our employees. We assess risk by using selected risk analysis tools, controlling work through management system procedures, assessing job risk of all routine and non-routine tasks, documenting daily observations, and collecting data, all in an effort to provide a better understanding of our QHSE risks and at-risk behaviors. We schedule hazard hunts on our vessels and regularly audit QHSE management systems, with assigned responsibilities and action due dates.

The management systems of our business units have been independently assessed and registered compliant with ISO 9001 (Quality Management Systems) and ISO 14001 (Environmental Management Systems). Our safety management systems were created in accordance with OHSAS 18001.

## GOVERNMENT REGULATION

### *Overview*

We provide services primarily in deepwater in the Gulf of Mexico, Brazil, North Sea, Asia Pacific and West Africa regions, and as such we are subject to numerous laws and regulations, including international treaties, flag state requirements, environmental laws and regulations, requirements for obtaining operating and navigation licenses, local content requirements, and other national, state and local laws and regulations in force in the jurisdictions in which our vessels and other assets operate or are registered, all of which can significantly affect the ownership and operation of our vessels and other assets. Beginning in 2019 we operate end of life offshore oil and gas wells, some of which may be producing and which we plan to ultimately decommission. Being an operator of wells subjects us to additional regulatory oversight from the Bureau of Ocean Energy Management ("BOEM") and the Bureau of Safety and Environmental Enforcement ("BSEE").

***International Conventions***

Our vessels are subject to applicable international maritime convention requirements, which include, but are not limited to, the International Convention for the Prevention of Pollution from Ships (“MARPOL”), the International Convention on Civil Liability for Oil Pollution Damage of 1969, the International Convention on Civil Liability for Bunker Oil Pollution Damage of 2001 (ratified in 2008), the International Convention for the Safety of Life at Sea of 1974 (“SOLAS”), the International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention (the “ISM Code”), the Code for the Construction and Equipment of Mobile Offshore Drilling Units (the “MODU Code”), and the International Convention for the Control and Management of Ships’ Ballast Water and Sediments (the “BWM Convention”). These regimes are applicable in most countries where we operate; however, the flag state and the country where we operate may impose additional requirements. In addition, these conventions impose liability for certain environmental discharges, including strict liability in some cases.

***U.S. Overview***

In the U.S., we are subject to the jurisdiction of the U.S. Coast Guard (the “Coast Guard”), the U.S. Environmental Protection Agency (the “EPA”) as well as state environmental protection agencies for those jurisdictions in which we operate, three divisions of the U.S. Department of the Interior (BOEM, BSEE and the Office of Natural Resources Revenue), and the U.S. Customs and Border Protection (the “CBP”), as well as classification societies such as the American Bureau of Shipping (the “ABS”). We are also subject to the requirements of the federal Occupational Safety and Health Act and comparable state laws that regulate the protection of employee health and safety for our land-based operations.

***International Overview***

While we provide services globally and generally can be subject to local laws and regulations wherever we operate, the regulatory regimes of the U.K. and Brazil are of particular importance given the locations of our current operations. The U.K. Continental Shelf in the North Sea is regulated by the Oil and Gas Authority (the “OGA”) in accordance with the Petroleum Act 1998. The OGA controls all of the Petroleum Operations Notices with which we comply for various well intervention and subsea construction projects, as required. The OGA also regulates the environmental requirements for our operations in the North Sea. We comply as required by the Oil Pollution Prevention and Control Regulations 2005. In the North Sea, international regulations govern working hours and the working environment, as well as standards for diving procedures, equipment and diver health. We also note that the U.K.’s exit from the EU may result in the imposition of new laws, rules or regulations affecting operations inside U.K. territorial waters.

Our operations in Brazil are predominantly regulated by the Brazilian National Agency of Petroleum, Natural Gas and Biofuels, the federal government agency responsible for the regulation of the oil sector. Additional regulatory oversight is provided, among others, by the Brazilian Institute of the Environment and Renewable Natural Resources, which oversees Brazilian environmental legislation, implements the National Environmental Policy and exercises control and supervision of the use of natural resources, the Brazilian Health Regulatory Agency, which regulates products and services subject to health regulations, and the Ministry of Labor, which regulates a variety of subjects including work-related accident prevention and use of machinery and equipment.

***Operating Certification***

Each of our vessels is subject to regulatory requirements of the country in which the vessel is registered, also known as the flag state. In addition, the country in which a vessel is operating may have its own requirements with respect to safety and environmental protections. These requirements must be satisfied in order for the vessel to operate. Flag state requirements are largely established by international treaties such as MARPOL, SOLAS, the ISM Code and the MODU Code, and in some instances, specific requirements of the flag state. These include engineering, safety, safe manning and other requirements related to the maritime industry. Each of our vessels must also maintain its “in-class” status with a classification society, evidencing that the vessel has been built and maintained in accordance with the rules of the classification society and complies with applicable flag state rules and international conventions. Our vessels generally must undergo a class survey once every five years. In the U.S., the Coast Guard sets safety standards and is authorized to investigate marine incidents, recommend safety standards, and inspect vessels at will. We also adhere to manning requirements implemented by the Coast Guard for operations on the U.S. Outer Continental Shelf (“OCS”).

***Cabotage Rules***

A number of jurisdictions where we operate require that certain work may only be performed by vessels built and/or registered in that jurisdiction. In some instances, an exemption may be available, or we may be subject to an additional tax to use a non-local vessel. In the U.S., we are subject to the Coastwise Merchandise Statute (commonly known as the “Jones Act”), which generally provides that only vessels built in the U.S., owned 75% by U.S. citizens, and crewed by U.S. citizen seafarers may transport merchandise between points in the U.S. The Jones Act has been applied to offshore oil and gas work in the U.S. through interpretations by the CBP.

***BOEM and BSEE***

Our business is affected by laws and regulations as well as changing tax laws and policies relating to the oil and gas industry in general. The operation of oil and gas properties located on the OCS is regulated primarily by BOEM and BSEE. Among other requirements, BOEM requires lessees of OCS properties to post bonds or provide other adequate financial assurance in connection with the P&A of wells located offshore and the removal of production facilities. Following the Deepwater Horizon incident in April 2010, BSEE implemented enhanced standards for companies engaged in the development of offshore oil and gas wells. As an operator of wells, we are also required to have a BSEE-approved Oil Spill Response Plan. In April 2016 BSEE issued the final Oil and Gas and Sulfur Operations in the Outer Continental Shelf-Blowout Preventer Systems and Well Control Rule, which updated requirements for equipment and operations for well control activities associated with drilling, completion, workover and decommissioning operations, and provided further guidance for the design and operation of remotely operated tools. In May 2019, BSEE released revised regulations for well control and blowout preventer systems in response to previous Executive and Secretarial Orders that directed BSEE to review regulations that potentially burdened the development or use of domestically produced energy resources. While leaving the majority of the regulations unchanged, certain provisions were revised and others were added, all in an effort to improve operations on the OCS. The final revised regulations address offshore oil and gas drilling, completions, workovers, and decommissioning activities, and to the extent that any changes are applicable to systems that we own or operate, we have incorporated those changes into our operations as appropriate.

***Local Content Requirements***

Governments in some countries, notably in Brazil and in the West Africa region, have become increasingly active in establishing and enforcing local content requirements with respect to equipment and crews utilized in operations such as ours, along with other aspects of the oil and gas industries in their respective countries.

***Other Regulatory Impact***

Additional proposals and proceedings before various international, federal and state regulatory agencies and courts could affect the oil and gas industry, including curtailing production and demand for fossil fuels. We cannot predict when or whether any such proposals may become effective.

## ENVIRONMENTAL REGULATION

***Overview***

Our operations are subject to a variety of national (including federal, state and local) and international laws and regulations governing the discharge of materials into the environment or otherwise relating to environmental protection. Numerous governmental departments issue rules and regulations to implement and enforce these laws that are often complex, costly to comply with, and carry substantial administrative, civil and possibly criminal penalties for compliance failure. There is currently little uniformity among the regulations issued by the governmental agencies with authority over environmental regulation. Under these laws and regulations, we may be liable for remediation or removal costs, damages, civil, criminal and administrative penalties and other costs associated with releases of hazardous materials (including oil) into the environment, and that liability may be imposed on us even if the acts that resulted in the releases were in compliance with all applicable laws at the time those acts were performed. Some of the environmental laws and regulations that are applicable to our business operations are discussed in the following paragraphs, but the discussion does not cover all environmental laws and regulations that govern or otherwise affect our operations.

***MARPOL***

The U.S. is one of approximately 170 member countries party to the International Maritime Organization ("IMO"), an agency of the United Nations responsible for developing measures to improve the safety and security of international shipping and to prevent marine pollution from ships. The IMO has negotiated MARPOL, which imposes on the shipping industry environmental standards relating to oil spills, management of garbage, the handling and disposal of noxious liquids, harmful substances in packaged forms, sewage, and air emissions.

***OPA 90***

The Oil Pollution Act of 1990, as amended ("OPA"), imposes a variety of requirements on offshore facility owners or operators, and the lessee or permittee of the area in which an offshore facility is located, as well as owners and operators of vessels. Any of these entities or persons can be "responsible parties" and are strictly liable for removal costs and damages arising from facility and vessel oil spills or threatened spills. Failure to comply with OPA may result in the assessment of civil, administrative and criminal penalties. In addition, OPA requires owners and operators of vessels over 300 gross tons to provide the Coast Guard with evidence of financial responsibility to cover the cost of cleaning up oil spills from those vessels. A number of foreign jurisdictions also require us to present satisfactory evidence of financial responsibility. We satisfy these requirements through appropriate insurance coverage.

***Water Pollution***

For operations in the U.S., the Clean Water Act imposes controls on the discharge of pollutants into the navigable waters of the U.S. and imposes potential liability for the costs of remediating releases of petroleum and other substances. Permits must be obtained to discharge pollutants into state and federal waters. The EPA issues Vessel General Permits ("VGPs") covering discharges incidental to normal vessel operations, including ballast water, and implements various training, inspection, monitoring, recordkeeping and reporting requirements, as well as corrective actions upon identification of each deficiency. Additionally, certain state regulations and VGPs prohibit the discharge of produced waters and sand, drilling fluids, drill cuttings and certain other substances related to the exploration for, and production of, oil and natural gas into certain coastal and offshore waters. Many states have laws analogous to the Clean Water Act and also require remediation of releases of hazardous substances in state waters. Internationally, the BWM Convention covers mandatory ballast water exchange requirements.

***Air Pollution and Emissions***

A variety of regulatory developments, proposals and requirements and legislative initiatives focused on restricting the emissions of carbon dioxide, methane and other greenhouse gases apply to the jurisdictions in which we operate. Annex VI of MARPOL addresses air emissions, including emissions of sulfur and nitrous oxide, and requires the use of low sulfur fuels worldwide in both auxiliary and main propulsion diesel engines on vessels. Beginning in 2010, the IMO designated the waters off North America as an Emission Control Area, meaning that vessels operating in the U.S. must use fuel with a sulfur content no greater than 0.1%. Directives have been issued designed to reduce the emission of nitrogen oxides and sulfur oxides. These can impact both the fuel and the engines that may be used onboard vessels.

***CERCLA***

The Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") requires the remediation of releases of hazardous substances into the environment and imposes liability, without regard to fault or the legality of the original conduct, on certain classes of persons, including owners and operators of contaminated sites where the release occurred and those companies that transport, dispose of or arrange for the disposal of, hazardous substances released at the sites.

***OCSLA***

The Outer Continental Shelf Lands Act, as amended ("OCSLA"), provides the U.S. government with broad authority to impose environmental protection requirements applicable to lessees and permittees operating in the OCS. Specific design and operational standards may apply to OCS vessels, rigs, platforms, vehicles and structures. Violations can result in substantial civil and criminal penalties, as well as potential court injunctions that could curtail operations and cancel leases.

***Current Compliance and Potential Material Impact***

We believe that we are in compliance in all material respects with the applicable environmental laws and regulations to which we are subject. We maintain a robust operational compliance program to ensure that we maintain and update our programs to meet or exceed applicable regulatory requirements. We do not anticipate that compliance with existing environmental laws and regulations will have a material effect upon our capital expenditures, earnings or competitive position. However, changes in environmental laws and regulations, or claims for damages to persons, property, natural resources or the environment, could result in substantial costs and liabilities, and thus there can be no assurance that we will not incur significant environmental compliance costs in the future. Liability related to environmental compliance could have a material adverse effect on our financial position, results of operations and cash flows, and could have a significant impact on our financial ability to carry out our operations.

**INSURANCE MATTERS**

Our businesses involve a high degree of operational risk. Hazards such as vessels sinking, grounding, colliding and sustaining damage from severe weather conditions and operational hazards such as rigging failures, human error, or accidents are inherent in marine operations. These hazards can cause marine and subsea operational equipment failures resulting in personal injury or loss of life, severe damage to and destruction of property and equipment, pollution or environmental damage and the suspension of operations. Damages arising from such occurrences may result in lawsuits asserting large claims. Insurance may not be sufficient or effective under all circumstances or against all hazards to which we may be subject. A successful claim for which we are not fully insured could have a material adverse effect on our financial position, results of operations and cash flows.

As discussed below, we maintain insurance policies to cover some of our risk of loss associated with our operations. We maintain the amount of insurance we believe is prudent based on our estimated loss potential. However, not all of our business activities can be insured at the levels we desire because of either limited market availability or unfavorable economics (i.e., limited coverage considering the underlying cost).

Our current insurance program is valid until June 30, 2020.

We maintain Hull and Increased Value insurance, which provides coverage for physical damage up to an agreed amount for each vessel. The deductibles are $1.0 million on the *Q4000*, the *Q5000*, the *Q7000*, the *HP I* and the *Well Enhancer*, and $500,000 on the *Seawell*. In addition to the primary deductibles, the vessels are subject to an annual aggregate deductible of $5 million. We also carry Protection and Indemnity (“P&I”) insurance, which covers liabilities arising from the operation of the vessels, and General Liability insurance, which covers liabilities arising from construction operations. The deductible on both the P&I and General Liability is $100,000 per occurrence. Onshore employees are covered by Workers’ Compensation. Offshore employees and marine crews are covered by a Maritime Employers Liability (“MEL”) insurance policy, which covers Jones Act exposures and currently includes a deductible of $100,000 per occurrence plus a $750,000 annual aggregate deductible. In addition to the liability policies described above, we currently carry various layers of Umbrella Liability for total limits of $500 million in excess of primary limits as well as OPA insurance for our newly-acquired offshore properties with $35 million of coverage as required by BOEM. Our self-insured retention on our medical and health benefits program for employees is $300,000 per participant.

We also maintain Operator Extra Expense coverage that provides up to $150 million of coverage per each loss occurrence for a well control issue. Separately, we also maintain $500 million of liability insurance and $150 million of oil pollution insurance. For any given oil spill event we have up to $650 million of insurance coverage.

We customarily have agreements with our customers and vendors in which each contracting party is responsible for its respective personnel. Under these agreements we are indemnified against third party claims related to the injury or death of our customers’ or vendors’ personnel, and vice versa. With respect to well work contracted to us, the customer is generally contractually responsible for pollution emanating from the well. We separately maintain additional coverage for an amount up to $100 million that would cover us under certain circumstances against any such third party claims associated with well control events.

We incur workers' compensation, MEL and other insurance claims in the normal course of business. We analyze each claim for potential exposure and estimate the ultimate liability of each claim. We have not incurred any significant losses as a result of claims denied by our insurance carriers. Our services are provided in hazardous environments where accidents involving catastrophic damage or loss of life could occur, and litigation arising from such an event may result in our being named a defendant in lawsuits asserting large claims. Although there can be no assurance the amount of insurance we carry is sufficient to protect us fully in all events, or that such insurance will continue to be available at current levels of cost or coverage, we believe that our insurance protection is adequate for our business operations.

## EMPLOYEES

As of December 31, 2019, we had 1,650 employees. Of our total employees, we had 378 non-U.S. employees covered by collective bargaining agreements or similar arrangements. We consider our overall relationships with our employees to be satisfactory.

## WEBSITE AND OTHER AVAILABLE INFORMATION

We maintain a website on the Internet with the address of www.HelixESG.com. Copies of this Annual Report for the year ended December 31, 2019, previous and subsequent copies of our Quarterly Reports on Form 10-Q and any Current Reports on Form 8-K, and any amendments thereto, are or will be available free of charge at our website as soon as reasonably practicable after they are filed with, or furnished to, the SEC. In addition, the "Investors" section of our website contains copies of our Code of Business Conduct and Ethics and our Code of Ethics for Chief Executive Officer and Senior Financial Officers. We make our website content available for informational purposes only. Information contained on our website is not part of this report and should not be relied upon for investment purposes. Please note that prior to March 6, 2006, the name of the Company was Cal Dive International, Inc.

The SEC maintains an Internet website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including us. The Internet address of the SEC's website is www.sec.gov.

We satisfy the requirement under Item 5.05 of Form 8-K to disclose any amendments to our Code of Business Conduct and Ethics and our Code of Ethics for Chief Executive Officer and Senior Financial Officers and any waiver from any provision of those codes by posting that information in the "Investors" section of our website at www.HelixESG.com.

From time to time, we also provide information about Helix on social media, including on Facebook (www.facebook.com/HelixEnergySolutionsGroup), Instagram (www.instagram.com/helixenergysolutions), LinkedIn (www.linkedin.com/company/helix-energy-solutions-group) and Twitter (@Helix_ESG).

## CERTAIN DEFINITIONS

Defined below are certain terms helpful to understanding our business that are located throughout this Annual Report:

*Bureau of Ocean Energy Management (BOEM):* BOEM is responsible for managing environmentally and economically responsible development of U.S. offshore resources. Its functions include offshore leasing, resource evaluation, review and administration of oil and gas exploration and development plans, renewable energy development, National Environmental Policy Act analysis and environmental studies.

*Bureau of Safety and Environmental Enforcement (BSEE):* BSEE is responsible for safety and environmental oversight of U.S. offshore oil and gas operations, including permitting and inspections of offshore oil and gas operations. Its functions include the development and enforcement of safety and environmental regulations, permitting offshore exploration, development and production, inspections, offshore regulatory programs, oil spill response and newly formed training and environmental compliance programs.

*Deepwater:* Water depths exceeding 1,000 feet.

*Dynamic Positioning (DP):* Computer directed thruster systems that use satellite-based positioning and other positioning technologies to ensure the proper counteraction to wind, current and wave forces enabling a vessel to maintain its position without the use of anchors.

*DP2:* Two DP systems on a single vessel providing the redundancy that allows the vessel to maintain position even in the absence of one DP system.

*DP3:* DP control system comprising a triple-redundant controller unit and three identical operator stations. The system is designed to withstand fire or flood in any one compartment. Loss of position should not occur from any single failure.

*Intervention Riser System (IRS):* A subsea system that establishes a direct connection from a well intervention vessel, through a rigid riser, to a conventional or horizontal subsea tree in depths up to 10,000 feet. An IRS can be utilized for wireline intervention, production logging, coiled-tubing operations, well stimulation, and full plug and abandonment operations, and provides well control in order to safely access the well bore for these activities.

*Life of field services:* Services performed on offshore facilities, trees and pipelines from the beginning to the end of the economic life of an oil field, including installation, inspection, maintenance, repair, well intervention and abandonment.

*Plug and abandonment (P&A):* P&A operations usually consist of placing several cement plugs in the wellbore to isolate the reservoir and other fluid-bearing formations when a well reaches the end of its lifetime.

*Pound per square inch (p.s.i.):* A unit of measurement for pressure or stress resulting from a force of one pound-force applied to an area of one square inch.

*QHSE:* Quality, Health, Safety and Environmental programs designed to protect the environment, safeguard employee health and avoid injuries.

*Riserless Open-water Abandonment Module (ROAM):* A subsea system designed to act as a barrier to the environment during upper abandonment operations and during production tubing removal in open water, when run as a complement to an IRS. ROAM provides the ability to capture contaminants or gas within the system and circulate them back to the safe handling systems on board the vessel, such that no well contaminants are released into the environment.

*Remotely Operated Vehicle (ROV):* A robotic vehicle used to complement, support and increase the efficiency of diving and subsea operations and for tasks beyond the capability of manned diving operations.

*ROVDrill:* A coring system deployed with an ROV system capable of taking cores from the seafloor in water depths up to 10,000 feet. Because the ROV system operates from the seafloor there is no need for surface drilling strings or the larger support spreads required for conventional coring.

*Saturation diving:* Divers working from special chambers for extended periods at a pressure equivalent to the pressure at the work site, required for work in water depths between 200 and 1,000 feet.

*Spot vessels:* Vessels not owned or under long-term charter but contracted on a short-term basis to perform specific projects.

*Subsea Intervention Lubricator (SIL):* A riserless system designed to facilitate access to subsea wells from a monohull vessel to provide safe, efficient and cost effective riserless well intervention and abandonment solutions. A SIL can be utilized for wireline, logging, light perforating, zone isolation, plug setting and removal, and decommissioning, and provides access to the well bore while providing well control safety for activities that do not require a riser conduit.

*Trencher or trencher system:* A subsea robotics system capable of providing post-lay trenching, inspection and burial and maintenance of submarine cables and flowlines in water depths of 30 to 7,200 feet across a range of seabed and environmental conditions.

*Well intervention services*: Activities related to well maintenance and production management/enhancement services. Our well intervention operations include the utilization of slickline and electric line services, pumping services, specialized tooling and coiled tubing services.

**Item 1A.** ***Risk Factors***

*Shareholders should carefully consider the following risk factors in addition to the other information contained herein. We operate globally in challenging and highly competitive markets and thus our business is subject to a variety of risks. The risks and uncertainties described below are not the only ones facing Helix. We are subject to a variety of risks that affect many other companies generally, as well as additional risks and uncertainties not known to us or that, as of the date of this Annual Report, we believe are not as significant as the risks described below. You should be aware that the occurrence of the events described in these risk factors and elsewhere in this Annual Report could have a material adverse effect on our business, results of operations and financial position.*

***Our business is adversely affected by low oil and gas prices, which occur in a cyclical oil and gas industry.***

Our services are substantially dependent upon the condition of the oil and gas industry, and in particular, the willingness of oil and gas companies to make capital and other expenditures for offshore exploration, development, drilling and production operations. Although our services are used for other operations during the entire life cycle of a well, when industry conditions are unfavorable such as the current environment, oil and gas companies will likely continue to reduce their budgets for expenditures on all types of operations, and will defer certain activities to the extent possible. The levels of both capital and operating expenditures generally depend on the prevailing view of future oil and gas prices, which is influenced by numerous 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 (“OPEC”);
- 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 globally;
- technological advances affecting energy exploration, production, transportation and consumption;
- the environmental and social sustainability of the oil and gas industry and the perception thereof, including within the investing community;
- potential acceleration of the development of alternative fuels;
- shifts in end-customer preferences toward fuel efficiency and the use of natural gas;
- weather conditions, natural disasters, and epidemic and pandemic diseases;
- environmental and other governmental regulations; and
- tax laws, regulations and policies.

A prolonged period of low level of activity by offshore oil and gas operators may continue to adversely affect demand for our services and could lead to an even greater surplus of available vessels and therefore increasingly downward pressure on the rates we can charge for our services. Our customers, in reaction to negative market conditions, may continue to seek to negotiate contracts at lower rates, both during and at the expiration of the term of our contracts, to cancel earlier work and shift it to later periods, or to cancel their contracts with us even if cancellation involves their paying a cancellation fee. The extent of the impact of these conditions on our results of operations and cash flows depends on the length and severity of an unfavorable industry environment and the potential decreased demand for our services.

***The majority of our current backlog is concentrated in a small number of long-term contracts that we may fail to renew or replace.***

Although historically our service contracts were of relatively short duration, over the last several years we have entered into longer term contracts, including the five-year contract with BP for work in the Gulf of Mexico, the two four-year contracts with Petrobras for well intervention services offshore Brazil and the seven-year contract for the *HP I*. As of December 31, 2019, the BP contract, the Petrobras contracts and the contract for the *HP I* represented approximately 82% of our total backlog. Any cancellation, termination or breach of those contracts would have a larger impact on our operating results and financial condition than shorter term contracts. In addition, the BP contract and the Petrobras contracts expire in 2021 and the contract for the *HP I* expires in 2023. Our ability to renew or replace these contracts when they expire or obtain new contracts as alternatives, and the terms of any such contracts, will depend on various factors, including market conditions and the specific needs of our customers. Given the historically cyclical nature of our industry, we may not be able to renew or replace the contracts or we may be required to renew or replace expiring contracts or obtain new contracts at rates that are below our existing contract rates, or that have other terms that are less favorable to us than our existing contracts. Failure to renew or replace expiring contracts or secure new contracts at comparable rates and with favorable terms could have a material adverse effect on our financial position, results of operations and cash flows.

***Our current backlog may not be ultimately realized for various reasons, and our contracts may be terminated early.***

As of December 31, 2019, backlog for our services supported by written agreements or contracts totaled $796 million, of which $509 million is expected to be performed in 2020. We may incur capital costs (a substantial portion of which we expect to recover from these contracts), we may charter vessels for the purpose of performing these contracts, and/or we may forgo or not seek other contracting opportunities in light of these contracts.

We may not be able to perform under our contracts for various reasons giving our customers certain contractual rights under their contracts with us, which ultimately could include termination of a contract. In addition, our customers may seek to cancel, terminate, suspend or renegotiate our contracts in the event of our customers' diminished demand for our services due to industry conditions affecting our customers and their own revenues. Some of these contracts provide for a cancellation fee that is substantially less than the expected rates from the contracts. In addition, some of our customers could experience liquidity issues or could otherwise be unable or unwilling to perform under a contract, in which case a customer may repudiate or seek to cancel or renegotiate the contract. The repudiation, early cancellation, termination or renegotiation of our contracts by our customers could have a material adverse effect on our financial position, results of operations and cash flows.

***Our operations involve numerous risks, which could result in our inability or failure to perform operationally under our contracts and result in reduced revenues, contractual penalties and/or contract termination.***

Our equipment and services are very technical and the offshore environment poses its own challenges. Performing the work we do pursuant to the terms of our contracts can be difficult for various reasons, including equipment failure or reduced performance, human error, third-party failure or other fault, design flaws, weather, water currents or soil conditions. In particular, our *Q7000* vessel is a unique, new-build asset that may experience start-up challenges, and although we have worked in West Africa previously, operating in that region presents certain incremental complications; any of these factors could lead to performance concerns. Additionally, the occurrence or threat of an epidemic or pandemic disease could cause vessel downtime or suspension of operations, which may be beyond our control. Failure to perform in accordance with contract specifications can result in reduced rates (or zero rates), contractual penalties, and ultimately, termination in the event of sustained non-performance. Reduced revenues and/or contract termination due to our inability or failure to perform operationally could have a material adverse effect on our financial position, results of operations and cash flows.

***Our customers and other counterparties may be unable to perform their obligations.***

Continued industry uncertainty and domestic and global economic conditions, including the financial condition of our customers, counterparties, insurers and financial institutions generally, could jeopardize the ability of such parties to perform their obligations to us, including obligations to pay amounts owed to us. Although we assess the creditworthiness of our counterparties, a variety of conditions and factors unrelated to those identified above could lead to changes in a counterparty's liquidity and increase our exposure to credit risk and bad debts. In particular, our robotics business unit tends to do business with smaller customers that may not be capitalized to the same extent as larger operators. In addition, we may offer favorable payment terms to customers in order to secure contracts. These circumstances may lead to more frequent collection issues. Our financial results and liquidity could be adversely affected and we could incur losses.

Our forward-looking statements assume that our customers, lenders, insurers and other financial institutions will be able to fulfill their obligations under our various contracts, credit agreements and insurance policies. The inability of our customers and other counterparties to perform under these agreements may materially adversely affect our business, financial position, results of operations and cash flows.

***We may own assets with ongoing costs that cannot be recouped if the assets are not under contract, and time chartering vessels requires us to make ongoing payments regardless of utilization of and revenue generation from those vessels.***

We own vessels and equipment for which there are ongoing costs, including maintenance, manning, insurance and depreciation. We may also construct assets without first obtaining service contracts covering the cost of those assets. Our failure to secure contracts for vessels or other assets could materially adversely affect our financial position, results of operations and cash flows.

Further, we charter our ROV support vessels under long-term time charter agreements. We also have entered into long-term charter agreements for the *Siem Helix 1* and *Siem Helix 2* vessels to perform work under our contracts with Petrobras. Should our contracts with customers be canceled, terminated or breached and/or if we do not secure work for the chartered vessels, we are still required to make charter payments. Making those payments absent revenue generation could have a material adverse effect on our financial position, results of operations and cash flows.

***Because we have certain debt and other obligations, a prolonged period of low demand and rates for our services could lead to a material adverse effect on our liquidity.***

Although we continue to seek to reduce the level of our capital and other expenses and have raised capital by means of several securities offerings, in the event of a more prolonged period of difficult industry conditions, the failure of our customers to expend funds on our services or a longer period of lower rates for our services, coupled with certain fixed obligations that we have related to debt repayment, long-term time charter contracts for our vessels and certain other commitments related to ongoing operational activities, could lead to a material adverse effect on our liquidity and financial position.

***Asset upgrade, modification, refurbishment, repair, dry dock and construction projects, and customer contractual acceptance of vessels and equipment, are subject to risks, including delays, cost overruns, loss of revenue and failure to commence or maintain contracts.***

We incur significant upgrade, modification, refurbishment, repair and dry dock expenditures on our existing fleet from time to time. We also construct or make capital improvements to other pieces of equipment (such as the 15K IRS and the ROAM that we jointly constructed with OneSubsea). While some of these capital projects are planned, some are unplanned. Additionally, as vessels and equipment age, they are more likely to be subject to higher maintenance and repair activities. These projects are subject to the many risks, including delay and cost overruns, inherent in any large capital project.

Estimated capital expenditures could materially exceed our planned capital expenditures. Moreover, assets undergoing upgrades, modifications, refurbishment or repair may not earn revenue during the period they are out of service. Any significant period of unplanned maintenance and repairs related to our assets could have a material adverse effect on our financial position, results of operations and cash flows.

In addition, delays in the delivery of vessels and other operating assets being constructed or undergoing upgrades, modifications, refurbishment, repair, or dry docks may result in delay in customer acceptance and/or contract commencement, resulting in a loss of revenue and cash flow to us, and may cause our customers to seek to terminate or shorten the terms of their contracts with us and/or seek delay damages under applicable late delivery clauses. In the event of termination of a contract due to late delivery, we may not be able to secure a replacement contract on favorable terms, if at all, which could have a material adverse effect on our business, financial position, results of operations and cash flows.

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

The oilfield services business in which we operate is highly competitive. An oversupply of offshore drilling rigs coupled with a significant slowdown in industry activities results in increased competition from drilling rigs as well as substantially lower rates on work that is being performed. Several of our competitors are substantially larger and have greater financial and other resources to better withstand a prolonged period of difficult industry conditions. In order to compete for customers, these larger competitors may undercut us substantially by reducing rates to levels we are unable to withstand. Further, certain other companies may seek to compete with us by hiring vessels of opportunity from which to deploy modular systems and/or be willing to take on additional risks. If other companies relocate or acquire assets for operations in the regions in which we operate, levels of competition may increase further and our business could be adversely affected.

***Our indebtedness and the terms of our indebtedness could impair our financial condition and our ability to fulfill our debt obligations.***

As of December 31, 2019, we had $405.9 million of consolidated indebtedness outstanding. The level of indebtedness may have an adverse effect on our future operations, including:

- limiting our ability to refinance maturing debt or to obtain additional financing on satisfactory terms to fund our working capital requirements, capital expenditures, acquisitions, investments, debt service requirements and other general corporate requirements;
- increasing our vulnerability to a continued general economic downturn, competition and industry conditions, which could place us at a disadvantage compared to our competitors that are less leveraged;
- increasing our exposure to potential rising interest rates for the portion of our borrowings at variable interest rates;
- reducing the availability of our cash flows to fund our working capital requirements, capital expenditures, acquisitions, investments and other general corporate requirements because we will be required to use a substantial portion of our cash flows to service debt obligations;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- limiting our ability to expand our business through capital expenditures or pursuit of acquisition opportunities due to negative covenants in credit facilities that place limitations on the types and amounts of investments that we may make;
- limiting our ability to use, or post security for, bonds or similar instruments required under the laws of certain jurisdictions with respect to, among other things, the temporary importation of vessels and equipment and the decommissioning of offshore oil and gas properties; and
- limiting our ability to use proceeds from asset sales for purposes other than debt repayment (except in certain circumstances where proceeds may be reinvested under criteria set forth in our credit agreements).

A prolonged period of weak economic conditions and other events beyond our control may make it increasingly difficult to comply with our covenants and other restrictions in agreements governing our debt. If we fail to comply with these covenants and other restrictions, it could lead to reduced liquidity, an event of default, the possible acceleration of our repayment of outstanding debt and the exercise of certain remedies by our lenders, including foreclosure against our collateral. These conditions and events may limit our access to the credit markets if we need to replace our existing debt, which could lead to increased costs and less favorable terms, including shorter repayment schedules and higher fees and interest rates.

***Lack of access to the financial markets could negatively impact our ability to operate our business and to execute our strategy.***

Access to financing may be limited and uncertain, especially in times of economic weakness. If capital and credit markets are limited, we may be unable to refinance or we may incur increased costs and obtain less favorable terms associated with refinancing of our maturing debt. Also, we may incur increased costs and obtain less favorable terms associated with any additional financing that we may require for future operations. Limited access to the financial markets could adversely impact our ability to take advantage of business opportunities or react to changing economic and business conditions. Additionally, if capital and credit markets are limited, this could potentially result in our customers curtailing their capital and operating expenditure programs, which could result in a decrease in demand for our vessels and a reduction in revenues and/or utilization. Certain of our customers could experience an inability to pay suppliers, including us, in the event they are unable to access financial markets as needed to fund their operations. Likewise, our suppliers may be unable to sustain their current level of operations, fulfill their commitments and/or fund future operations and obligations, each of which could adversely affect our operations. Continued lower levels of economic activity and weakness in the financial markets could also adversely affect our ability to implement our strategic objectives.

***A further decline in the offshore energy services market could result in additional impairment charges.***

Prolonged periods of low utilization and low rates for our services could result in the recognition of impairment charges for our assets if future cash flow estimates, based on information available to us at the time, indicate that their carrying value may not be recoverable.

***Our North Sea business typically declines in the winter, and bad weather can adversely affect our operations.***

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

Certain areas in which we operate experience unfavorable weather conditions including hurricanes and extreme storms on a relatively frequent basis. Substantially all of our facilities and assets offshore and along the Gulf of Mexico and the North Sea are susceptible to damage and/or total loss by these storms. Damage caused by high winds and turbulent seas could potentially cause us to curtail service operations for significant periods of time until damage can be assessed and repaired. Moreover, even if we do not experience direct damage from any of these weather events, we may experience disruptions in our operations because customers may curtail their offshore activities due to damage to their platforms, pipelines and other related facilities.

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

Vessel-based offshore services involve a high degree of operational risk. Hazards, such as vessels sinking, grounding, colliding and sustaining damage from severe weather conditions, are inherent in marine operations. These hazards can cause personal injury or loss of life, severe damage to and destruction of property and equipment, pollution or environmental damage, and suspension of operations. Damage arising from such occurrences may result in lawsuits asserting large claims. Insurance may not be sufficient or effective under all circumstances or against all hazards to which we may be subject. A successful liability claim for which we are not fully insured could have a material adverse effect on our financial position, results of operations and cash flows. Moreover, we cannot make assurances that we will be able to maintain adequate insurance in the future at rates that we consider reasonable. In some instances, certain insurance could become unavailable or available only for reduced amounts of coverage. For example, insurance carriers require broad exclusions for losses due to war risk and terrorist acts, and limitations for wind storm damage. The current insurance on our assets is in amounts approximating replacement value. In the event of property loss due to a catastrophic disaster, mechanical failure, collision or other event, insurance may not cover a substantial loss of revenue, increased costs and other liabilities, and therefore the loss of any of our assets could have a material adverse effect on us.

***Our oil and gas operations involve a high degree of operational risk, particularly risk of personal injury, damage, loss of equipment and environmental accidents.***

Beginning in January 2019 we own oil and gas properties as part of our strategy to secure utilization for our vessels and other equipment. Engaging in oil and gas production and transportation operations subjects us to certain risks inherent in the operation of oil and gas wells, including but not limited to uncontrolled flows of oil, gas, brine or well fluids into the environment; blowouts; cratering; pipeline or other facility ruptures; mechanical difficulties or other equipment malfunction; fires, explosions or other physical damage; hurricanes, storms and other natural disasters and weather conditions; and pollution and other environmental damage; any of which could result in substantial losses to us. Although we maintain insurance against some of these risks we cannot insure against all possible losses. As a result, any damage or loss not covered by our insurance could have a material adverse effect on our financial condition, results of operations and cash flow.

***Our customers may be unable or unwilling to indemnify us.***

Consistent with standard industry practice, we typically obtain contractual indemnification from our customers whereby they agree to protect and indemnify us for liabilities resulting from various hazards associated with offshore operations. We can provide no assurance, however, that we will obtain such contractual indemnification or that our customers will be willing or financially able to meet these indemnification obligations.

***Government regulations may affect our business operations, including making our operations more difficult and/or costly.***

Our business is affected by changes in public policy and by federal, state, local and foreign laws and regulations relating to the offshore oil and gas industry. Offshore oil and gas operations are affected by tax, environmental, safety, labor, cabotage and other laws, by changes in those laws, application or interpretation of existing laws, and changes in related administrative regulations or enforcement priorities. It is also possible that these laws and regulations in the future may add significantly to our capital and operating costs or those of our customers or otherwise directly or indirectly affect our operations.

On December 20, 2019 CBP finalized a new set of rulings (the “2019 CBP Rulings”) which (i) restrict the scope of items that may be transported aboard non-coastwise qualified vessels on the OCS and (ii) establish rules regarding incidental vessel movements related to offshore lifting operations. The 2019 CBP Rulings constitute a significant step towards establishing a predictable regime of regulation for offshore operations. We are aware, however, that certain organizations are seeking to overturn the 2019 CBP Rulings, particularly with respect to offshore lifting operations. CBP, its parent agency, the Department of Homeland Security, the federal courts or the U.S. Congress could revisit the issue and, if a challenge to the 2019 CBP Rulings were successful along the lines sought by those organizations, the resulting interpretation of the Jones Act could adversely impact the operations of non-coastwise qualified vessels working in the Gulf of Mexico, and could potentially make it more difficult and/or costly to perform our offshore services in the area.

Tax laws are dynamic and subject to change as new laws are passed and new interpretations are issued or applied. In 2017 the U.S. enacted significant tax reform, and certain provisions of the new law may ultimately adversely affect us. Certain members of the EU are undergoing significant changes to their tax systems, which may have an adverse effect on us. In addition, risks of substantial costs and liabilities related to environmental compliance issues are inherent in our operations. Our operations are subject to extensive federal, state, local and international laws and regulations relating to the generation, storage, handling, emission, transportation and discharge of materials into the environment. Permits are required for the operations of various facilities, including vessels, and those permits are subject to revocation, modification and renewal. Governmental authorities have the power to enforce compliance with their regulations, and violations are subject to fines, injunctions or both. In some cases, those governmental requirements can impose liability for the entire cost of cleanup on any responsible party without regard to negligence or fault and impose liability on us for the conduct of others or conditions others have caused, or for our acts that complied with all applicable requirements when we performed them. It is possible that other developments, such as stricter environmental laws and regulations, and claims for damages to property or persons resulting from our operations, would result in substantial costs and liabilities. Our insurance policies and the contractual indemnity protection we seek to obtain from our customers, assuming they are obtained, may not be sufficient or effective to protect us under all circumstances or against all risk involving compliance with environmental laws and regulations.

***Enhanced regulations for deepwater offshore drilling may reduce the need for our services.***

Exploration and development activities and the production and sale of oil and natural gas are subject to extensive federal, state, local and international regulations. To conduct deepwater drilling in the Gulf of Mexico, an operator is required to comply with existing and newly developed regulations and enhanced safety standards. Before drilling may commence, BSEE conducts many inspections of deepwater drilling operations for compliance with its regulations. Operators also are required to comply with Safety and Environmental Management System ("SEMS") regulations within the deadlines specified by the regulations, and ensure that their contractors have SEMS-compliant safety and environmental policies and procedures in place. Additionally, each operator must demonstrate that it has containment resources that are available promptly in the event of a deepwater blowout. It is expected that BOEM and BSEE will continue to issue further regulations regarding deepwater offshore drilling. Our business, a significant portion of which is in the Gulf of Mexico, provides development services to newly drilled wells, and therefore relies heavily on the industry's drilling of new oil and gas wells. If the issuance of permits is significantly delayed, or if other oil and gas operations are delayed or reduced due to increased costs of complying with regulations, demand for our services may also decline. Moreover, if our assets are not redeployed such that we can provide our services at profitable rates, our business, financial condition, results of operations and cash flows would be materially adversely affected.

We cannot predict with any certainty the substance or effect of any new or additional regulations in the U.S. or in other areas around the world. If the U.S. or other countries where our customers operate enact stricter restrictions on offshore drilling or further regulate offshore drilling, and this results in decreased demand for or profitability of our services, our business, financial position, results of operations and cash flows could be materially adversely affected.

***Failure to comply with anti-bribery laws could have a material adverse impact on our business.***

The U.S. Foreign Corrupt Practices Act and similar anti-bribery laws in other jurisdictions, including the United Kingdom Bribery Act 2010 and Brazil's Clean Company Act, generally prohibit companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or retaining business. We operate in many parts of the world that have experienced corruption to some degree. We have a robust ethics and compliance program that is designed to deter or detect violations of applicable laws and regulations through the application of our anti-corruption policies and procedures, Code of Business Conduct and Ethics, training, internal controls, investigation and remediation activities, and other measures. However, our ethics and compliance program may not be fully effective in preventing all employees, contractors or intermediaries from violating or circumventing our compliance requirements or applicable laws and regulations. Failure to comply with anti-bribery laws could subject us to civil and criminal penalties, and such failure, and in some instances even the mere allegation of such a failure, could create termination or other rights in connection with our existing contracts, negatively impact our ability to obtain future work, or lead to other sanctions, all of which could have a material adverse effect on our business, financial position, results of operations and cash flows, and cause reputational damage. We could also face fines, sanctions and other penalties from authorities, including prohibition of our participating in or curtailment of business operations in certain jurisdictions and the seizure of vessels or other assets. Further, we may have competitors who are not subject to the same laws, which may provide them with a competitive advantage over us in securing business or gaining other preferential treatment.

***Our operations outside of the U.S. subject us to additional risks.***

Our operations outside of the U.S. are subject to risks inherent in foreign operations, including:

- the loss of revenue, property and equipment from expropriation, nationalization, war, insurrection, acts of terrorism and other political risks;
- increases in taxes and governmental royalties;
- laws and regulations affecting our operations, including with respect to customs, assessments and procedures, and similar laws and regulations that may affect our ability to move our assets in and out of foreign jurisdictions;
- renegotiation or abrogation of contracts with governmental and quasi-governmental entities;
- changes in laws and policies governing operations of foreign-based companies;
- currency exchange restrictions and exchange rate fluctuations;
- global economic cycles;
- restrictions or quotas on production and commodity sales;

- limited market access; and
- other uncertainties arising out of foreign government sovereignty over our international operations.

Certain countries have in place or are in the process of developing complex laws for foreign companies doing business in these countries, such as local content requirements. Some of these laws are difficult to interpret, making compliance uncertain, and others increase the cost of doing business, which may make it difficult for us in some cases to be competitive. In addition, laws and policies of the U.S. affecting foreign trade and taxation may adversely affect our international operations.

***Our international operations are exposed to currency devaluation and fluctuation risk*.**

Since we are a global company, our international operations are exposed to foreign currency exchange rate risks on all contracts denominated in foreign currencies. For some of our international contracts, a portion of the revenue and local expenses is incurred in local currencies and we are at risk of changes in the exchange rates between the U.S. dollar and such currencies. In some instances, we may receive payments in currencies that are not easily traded and may be illiquid. The reporting currency for our consolidated financial statements is the U.S. dollar. Certain of our assets, liabilities, revenues and expenses are denominated in other countries' currencies. Those assets, liabilities, revenues and expenses are translated into U.S. dollars at the applicable exchange rates to prepare our consolidated financial statements. Therefore, changes in exchange rates between the U.S. dollar and those other currencies affect the value of those items as reflected in our consolidated financial statements, even if their value remains unchanged in their original currency.

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

Our industry has lost a significant number of experienced professionals over the years due to its cyclical nature. Many companies, including us, have had employee layoffs as a result of reduced business activities in an industry downturn. Our continued success depends on the active participation of our key employees. The loss of our key people could adversely affect our operations. The delivery of our services also requires personnel with specialized skills, qualifications and experience. As a result, our ability to remain productive and profitable will depend upon our ability to employ and retain skilled, qualified and experienced workers, and we may have competition for personnel with the requisite skill set.

***Cybersecurity breaches or business system disruptions may adversely affect our business.***

We rely on our information technology infrastructure and management information systems to operate and record almost every aspects of our business. Similar to other companies, we may be subject to cybersecurity breaches caused by, among other things, illegal hacking, insider threats, computer viruses, phishing, malware, ransomware, or acts of vandalism or terrorism. Although we continue to refine our procedures, educate our employees and implement tools and security measures to protect against such cybersecurity risks, there can be no assurance that these measures will prevent or detect every type of attempt or attack. In addition, a cyberattack or security breach could go undetected for an extended period of time. A breach or failure of our information technology systems or networks, critical third-party systems on which we rely, or those of our customers or vendors, could result in an interruption in our operations, disruption to certain systems that are used to operate our vessels or ROVs, unplanned capital expenditures, unauthorized publication of our confidential business or proprietary information, unauthorized release of customer or employee data, theft or misappropriation of funds, violation of privacy or other laws, and exposure to litigation. Any such breach could have a material adverse effect on our business, reputation, financial position, results of operations and cash flows.

***Failure to protect our intellectual property or other technology may adversely affect our business.***

Our industry is highly technical. We utilize and rely on a variety of advanced assets and other tools, such as our vessels, DP systems, IRSs, SILs and ROVDrill, to provide customers with services designed to meet the technological challenges of their subsea activities worldwide. In some instances we hold intellectual property ("IP") rights related to our business. We rely significantly on proprietary technology, processes and other information that are not subject to IP protection, as well as IP licensed from third parties. We employ confidentiality agreements to protect our IP and other proprietary information, and we have management systems in place designed to protect our legal and contractual rights. We may be subject to, among other things, theft or other misappropriation of our IP and other proprietary information, challenges to the validity or enforceability of our or our licensors' IP rights, and breaches of confidentiality obligations. These risks are heightened by the global nature of our business, as effective protections may be limited in certain jurisdictions. Although we endeavor to identify and protect our IP and other proprietary information as appropriate, there can be no assurance that these measures will adequately protect such IP or other technology. Such a failure could result in an interruption in our operations, increased competition, unplanned capital expenditures, and exposure to litigation. Any such failure could have a material adverse effect on our business, competitive position, financial position, results of operations and cash flows.

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

We are authorized to fix, without any action by our shareholders, the rights and preferences on up to 5,000,000 shares of preferred stock, including dividend, liquidation and voting rights. In addition, our by-laws divide our Board into three classes. We are also subject to certain anti-takeover provisions of the Minnesota Business Corporation Act. We have employment arrangements with all of our executive officers that could require cash payments in the event of a "change of control." Any or all of these provisions or factors may discourage a takeover proposal or tender offer not approved by management and our Board and could result in shareholders who may wish to participate in such a proposal or tender offer receiving less in return for their shares than otherwise might be available in the event of a takeover attempt.

**Item 1B.** ***Unresolved Staff Comments***

None.

**Item 2.** ***Properties***

**VESSELS AND OTHER OPERATING ASSETS**

Our fleet currently includes six vessels, six IRSs, three SILs, one ROAM, 44 ROVs, four trenchers and one ROVDrill. We also have four vessels under long-term charter. Currently all of our vessels, both owned and chartered, have DP capabilities specifically designed to meet the needs of our customers' offshore and deepwater activities. Our *Seawell* and *Well Enhancer* vessels have built-in saturation diving systems.

**Listing of Vessels and Other Assets Related to Operations** [1]

| | Flag State | Placed in Service [2] | Length (Feet) | DP |
|---|---|---|---|---|
| **Floating Production Unit —** | | | | |
| *Helix Producer I* [3] | Bahamas | 4/2009 | 528 | DP2 |
| **Well Intervention —** | | | | |
| *Q4000* [4] | U.S. | 4/2002 | 312 | DP3 |
| *Seawell* | U.K. | 7/2002 | 368 | DP2 |
| *Well Enhancer* | U.K. | 10/2009 | 432 | DP2 |
| *Q5000* [5] | Bahamas | 4/2015 | 358 | DP3 |
| *Siem Helix 1* [6] | Bahamas | 6/2016 | 521 | DP3 |
| *Siem Helix 2* [6] | Bahamas | 2/2017 | 521 | DP3 |
| *Q7000* | Bahamas | 1/2020 | 320 | DP3 |
| 6 IRSs, 3 SILs and 1 ROAM [7] | — | Various | — | — |
| **Robotics —** | | | | |
| 44 ROVs, 4 Trenchers and 1 ROVDrill [3], [8] | — | Various | — | — |
| *Grand Canyon II* [6] | Norway | 4/2015 | 419 | DP3 |
| *Grand Canyon III* [6] | Norway | 5/2017 | 419 | DP3 |

(1) Under governmental regulations and our insurance policies, we are required to maintain our vessels in accordance with standards of seaworthiness and safety set by governmental regulations and classification organizations. We maintain our fleet to the standards for seaworthiness, safety and health set by the ABS, Bureau Veritas ("BV"), Det Norske Veritas ("DNV"), Lloyds Register of Shipping ("Lloyds"), and the Coast Guard. ABS, BV, DNV and Lloyds are classification societies used by vessel owners to certify that their vessels meet certain structural, mechanical and safety equipment standards.

(2) Represents the date we placed our owned vessels in service (rather than the date of commissioning) or the date the charters for our chartered vessels commenced, as applicable.

(3) Serves as security for the Credit Agreement described in Note 8.

(4) Subject to a vessel mortgage securing our MARAD Debt described in Note 8.

(5) Serves as security for our Nordea Q5000 Loan described in Note 8.

(6) Chartered vessel.

(7) We own a 50% interest in the 15K IRS and the ROAM, both of which we jointly developed with OneSubsea.

(8) Average age of our fleet of ROVs, trenchers and ROVDrill is approximately 9.9 years.

We incur routine dry dock, inspection, maintenance and repair costs pursuant to applicable statutory regulations in order to maintain our vessels in accordance with the rules of the applicable class society. In addition to complying with these requirements, we have our own asset maintenance programs that we believe permit us to continue to provide our customers with well-maintained, reliable assets. In the normal course of business, we charter other vessels on a short-term basis, such as tugboats, cargo barges, utility boats and additional robotics support vessels.

## FACILITIES

Our corporate headquarters are located at 3505 West Sam Houston Parkway North, Suite 400, Houston, Texas 77043. We currently lease all of our facilities, which are primarily located in Texas, Scotland, Singapore and Brazil.

## Item 3. *Legal Proceedings*

We are, from time to time, party to litigation arising in the normal course of business. We believe that there are currently no legal proceedings the outcome of which would have a material adverse effect on our financial position, results of operations or cash flows.

**Item 4.** ***Mine Safety Disclosures***

Not applicable.

***Information about our Executive Officers***

Our executive officers are as follows:

| Name | Age | Position |
|---|---|---|
| Owen Kratz | 65 | President, Chief Executive Officer and Director |
| Erik Staffeldt | 48 | Executive Vice President and Chief Financial Officer |
| Scott A. Sparks | 46 | Executive Vice President and Chief Operating Officer |
| Kenneth E. Neikirk | 44 | Senior Vice President, General Counsel and Corporate Secretary |

*Owen Kratz* is President and Chief Executive Officer of Helix. He was named Executive Chairman in October 2006 and served in that capacity until February 2008 when he resumed the position of President and Chief Executive Officer. He served as Helix's Chief Executive Officer from April 1997 until October 2006. Mr. Kratz served as President from 1993 until February 1999, and has served as a Director since 1990 (including as Chairman of our Board from May 1998 to July 2017). He served as Chief Operating Officer from 1990 through 1997. Mr. Kratz joined Cal Dive International, Inc. (now known as Helix) in 1984 and held various offshore positions, including saturation diving supervisor, and management responsibility for client relations, marketing and estimating. From 1982 to 1983, Mr. Kratz was the owner of an independent marine construction company operating in the Bay of Campeche. Prior to 1982, he was a superintendent for Santa Fe and various international diving companies, and a diver in the North Sea. From February 2006 to December 2011, Mr. Kratz was a member of the Board of Directors of Cal Dive International, Inc., a once publicly traded company, which was formerly a subsidiary of Helix. Mr. Kratz has a Bachelor of Science degree from State University of New York (SUNY).

*Erik Staffeldt* is Executive Vice President and Chief Financial Officer of Helix. Mr. Staffeldt oversees Helix's finance, treasury, accounting, tax, information technology and corporate planning functions. Since joining Helix in July 2009 as Assistant Corporate Controller, Mr. Staffeldt has served as Director — Corporate Accounting from August 2011 until March 2013, Director of Finance from March 2013 until February 2014, Finance and Treasury Director February 2014 until July 2015, Vice President — Finance and Accounting from July 2015 to June 2017, and Senior Vice President and Chief Financial Officer from June 2017 until February 2018. Mr. Staffeldt was also designated as Helix's "principal accounting officer" for purposes of the Securities Act, the Exchange Act and the rules and regulations promulgated thereunder in July 2015. Mr. Staffeldt served in various financial and accounting capacities prior to joining Helix and has over 24 years of experience in the energy industry. Mr. Staffeldt is a graduate of the University of Notre Dame with a BBA in Accounting and an MBA from Loyola University in New Orleans, and is a Certified Public Accountant.

*Scott A. ("Scotty") Sparks* is Executive Vice President and Chief Operating Officer of Helix, having joined Helix in 2001. He served as Executive Vice President — Operations of Helix from May 2015 until February 2016. From October 2012 until May 2015, he was Vice President — Commercial and Strategic Development of Helix. He has also served in various positions within Helix Robotics Solutions, Inc. (formerly known as Canyon Offshore, Inc.), including as Senior Vice President from 2007 to September 2012. Mr. Sparks has over 29 years of experience in the subsea industry, including as Operations Manager and Vessel Superintendent at Global Marine Systems and BT Marine Systems.

*Kenneth E. ("Ken") Neikirk* is Senior Vice President, General Counsel and Corporate Secretary of Helix. Mr. Neikirk has over 19 years of experience practicing law in the corporate and energy sectors, and has been a member of Helix's legal department since 2007, most recently serving as Helix's Corporate Counsel, Compliance Officer and Assistant Secretary from February 2016 until April 2019. Prior to joining Helix Mr. Neikirk was in private practice in New York and Houston. Mr. Neikirk holds a Bachelor of Arts degree from Duke University and a Juris Doctor from the University of Houston Law Center.

## PART II

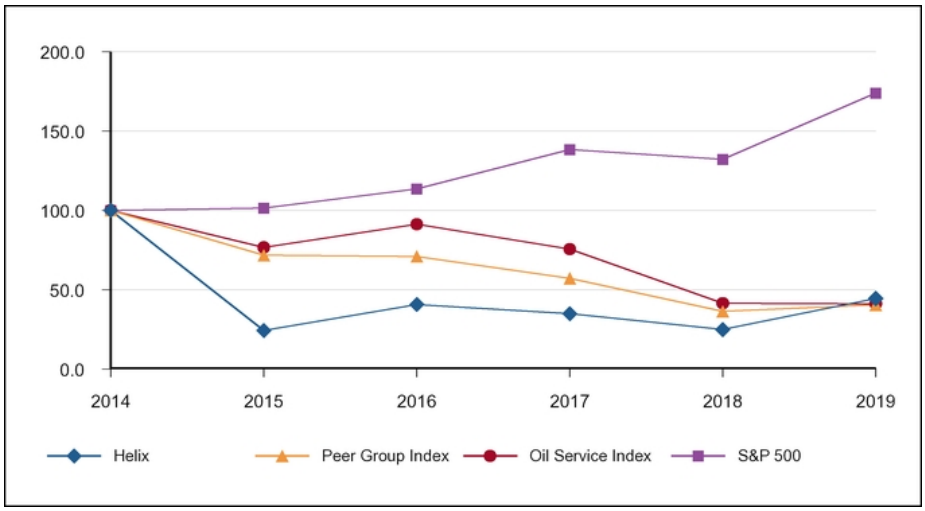
**Item 5.** ***Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

Our common stock is traded on the New York Stock Exchange ("NYSE") under the symbol "HLX." On February 21, 2020, the closing sale price of our common stock on the NYSE was $8.25 per share. As of February 21, 2020, there were 293 registered shareholders and approximately 22,300 beneficial shareholders of our common stock.

We have not declared or paid cash dividends on our common stock in the past nor do we intend to pay cash dividends in the foreseeable future. We currently intend to retain earnings, if any, for the future operation and growth of our business. In addition, our current financing arrangements prohibit the payment of cash dividends on our common stock. See *Management's Discussion and Analysis of Financial Condition and Results of Operations* "— Liquidity and Capital Resources."

**Shareholder Return Performance Graph**

The following graph compares the cumulative total shareholder return on our common stock for the period since December 31, 2014 to the cumulative total shareholder return for (i) the stocks of 500 large-cap corporations maintained by Standard & Poor's ("S&P 500"), assuming the reinvestment of dividends; (ii) the Philadelphia Oil Service Sector index (the "OSX"), a price-weighted index of leading oil service companies, assuming the reinvestment of dividends; and (iii) a peer group selected by us (the "Peer Group") consisting of the following companies: Dril-Quip, Inc., Forum Energy Technologies, Inc., Frank's International N.V., McDermott International, Inc., Newpark Resources, Inc., Noble Corporation plc, Oceaneering International, Inc., Oil States International, Inc., SEACOR Holdings Inc., Superior Energy Services Inc., TETRA Technologies, Inc., and Valaris plc. The returns of each member of the Peer Group have been weighted according to each individual company's equity market capitalization as of December 31, 2019 and have been adjusted for the reinvestment of any dividends. We believe that the members of the Peer Group provide services and products more comparable to us than those companies included in the OSX. The graph assumes $100 was invested on December 31, 2014 in our common stock at the closing price on that date price and on December 31, 2014 in the three indices presented. We paid no cash dividends during the period presented. The cumulative total percentage returns for the period presented are as follows: our stock — (55.6)%; the Peer Group — (59.7)%; the OSX — (58.9)%; and S&P 500 — 73.9%. These results are not necessarily indicative of future performance.



**Comparison of Five Year Cumulative Total Return among Helix, S&P 500, OSX and Peer Group**

| | As of December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Helix | $ 100.0 | $ 24.2 | $ 40.7 | $ 34.8 | $ 24.9 | $ 44.4 |
| Peer Group Index | $ 100.0 | $ 71.7 | $ 71.0 | $ 57.1 | $ 36.3 | $ 40.3 |
| Oil Service Index | $ 100.0 | $ 76.6 | $ 91.2 | $ 75.5 | $ 41.4 | $ 41.1 |
| S&P 500 | $ 100.0 | $ 101.4 | $ 113.5 | $ 138.3 | $ 132.2 | $ 173.9 |

Source: Bloomberg

**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] [3] |
|---|---|---|---|---|
| October 1 to October 31, 2019 | — | $ — | — | 4,751,642 |
| November 1 to November 30, 2019 | — | — | — | 4,751,642 |
| December 1 to December 31, 2019 | 36,627 | 9.13 | — | 4,866,645 |
| | 36,627 | $ 9.13 | — | |

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

(2) Under the terms of our stock repurchase program, we may repurchase shares of our common stock in an amount equal to any equity granted to our employees, officers and directors under our share-based compensation plans, including share-based awards under our existing long-term incentive plans and shares issued to our employees under our Employee Stock Purchase Plan (Note 14), and such shares increases the number of shares available for repurchase. For additional information regarding our stock repurchase program, see Note 11.

(3) In December 2019, we issued approximately 0.1 million shares of restricted stock to independent members of our Board. In January 2020, we issued approximately 0.4 million shares of restricted stock to our executive officers, select management employees, and certain members of our Board who have elected to take their quarterly fees in stock in lieu of cash. These issuances increase the number of shares available for repurchase under our stock repurchase program by a corresponding amount.

**Item 6.** ***Selected Financial Data.***

The financial data presented below for each of the five years ended December 31, 2019 should be read in conjunction with Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations* and Item 8. *Financial Statements and Supplementary Data* included elsewhere in this Annual Report.

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| | (in thousands, except per share amounts) | | | | |
| **Statement of Operations Data:** | | | | | |
| Net revenues | $ 751,909 | $ 739,818 | $ 581,383 | $ 487,582 | $ 695,082 |
| Gross profit (loss) [1] | 137,838 | 121,684 | 62,166 | 46,516 | (233,774) |
| Income (loss) from operations [2] | 67,997 | 51,543 | (1,130) | (63,235) | (307,360) |
| Net income (loss), including noncontrolling interests [3] | 57,697 | 28,598 | 30,052 | (81,445) | (376,980) |
| Net income applicable to noncontrolling interests | (222) | — | — | — | — |
| Net income (loss) applicable to common shareholders | 57,919 | 28,598 | 30,052 | (81,445) | (376,980) |
| Adjusted EBITDA [4] | 180,088 | 161,709 | 107,216 | 89,544 | 172,736 |
| Earnings (loss) per share of common stock: | | | | | |
| Basic | $ 0.39 | $ 0.19 | $ 0.20 | $ (0.73) | $ (3.58) |
| Diluted | $ 0.38 | $ 0.19 | $ 0.20 | $ (0.73) | $ (3.58) |
| Weighted average common shares outstanding: | | | | | |
| Basic | 147,536 | 146,702 | 145,295 | 111,612 | 105,416 |
| Diluted | 149,577 | 146,830 | 145,300 | 111,612 | 105,416 |

(1) Amount in 2015 included impairment charges of $205.2 million for the *Helix 534*, $133.4 million for the *HP I* and $6.3 million for certain capitalized vessel project costs.

(2) Amount in 2016 included a $45.1 million goodwill impairment charge related to our robotics reporting unit. Amount in 2015 included a $16.4 million goodwill impairment charge related to our U.K. well intervention reporting unit.

(3) Amount in 2017 included a $51.6 million income tax benefit as a result of the U.S. tax law changes enacted in December 2017 (Note 9). Amount in 2015 included losses totaling $124.3 million related to our investments in Deepwater Gateway, L.L.C. ("Deepwater Gateway") and Independence Hub. Amount in 2015 also included unrealized losses totaling $18.3 million on our foreign currency exchange contracts associated with the *Grand Canyon*, *Grand Canyon II* and *Grand Canyon III* chartered vessels.

(4) This is a non-GAAP financial measure. See "Non-GAAP Financial Measures" below for an explanation of the definition and use of such measure as well as a reconciliation of these amounts to each year's respective reported net income or loss.

| | December 31, | | | | |
|---|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| | (in thousands) | | | | |
| **Balance Sheet Data:** | | | | | |
| Working capital | $ 153,508 | $ 259,440 | $ 186,004 | $ 336,387 | $ 473,123 |
| Total assets | 2,596,731 | 2,347,730 | 2,362,837 | 2,246,941 | 2,399,959 |
| Total debt | 405,853 | 440,315 | 495,627 | 625,967 | 749,335 |
| Total shareholders' equity | 1,699,591 | 1,617,779 | 1,567,393 | 1,281,814 | 1,278,963 |

**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 U.S. generally accepted accounting principles ("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. 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.

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. We separately disclose our non-cash asset impairment charges, which, if not material, would be reflected as a component of our depreciation and amortization expense. Because these impairment charges are material for certain period presented, we have reported them as a separate line item. Non-cash goodwill impairment and non-cash gains and losses on equity investments are also added back if applicable. To arrive at our measure of Adjusted EBITDA, we exclude gains and losses 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 reconciliations, we provide amounts as reflected in our accompanying consolidated financial statements unless otherwise noted.

The reconciliation of our net income (loss) to EBITDA and Adjusted EBITDA is as follows (in thousands):

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| Net income (loss) | $ 57,697 | $ 28,598 | $ 30,052 | $ (81,445) | $ (376,980) |
| Adjustments: | | | | | |
| Income tax provision (benefit) | 7,859 | 2,400 | (50,424) | (12,470) | (101,190) |
| Net interest expense | 8,333 | 13,751 | 18,778 | 31,239 | 26,914 |
| Loss on extinguishment of long-term debt | 18 | 1,183 | 397 | 3,540 | — |
| Other (income) expense, net [1] | (1,165) | 6,324 | 1,434 | (3,510) | 24,310 |
| Depreciation and amortization | 112,720 | 110,522 | 108,745 | 114,187 | 120,401 |
| Asset impairments [2] | — | — | — | — | 345,010 |
| Goodwill impairments [3] | — | — | — | 45,107 | 16,399 |
| Gain (loss) on equity investments [4] | (1,613) | 3,430 | 1,800 | 1,674 | 122,765 |
| EBITDA | 183,849 | 166,208 | 110,782 | 98,322 | 177,629 |
| Adjustments: | | | | | |
| (Gain) loss on disposition of assets, net | — | (146) | 39 | (1,290) | (92) |
| Realized losses from foreign exchange contracts not designated as hedging instruments | (3,761) | (3,224) | (3,605) | (7,488) | (4,801) |
| Other than temporary loss on note receivable | — | (1,129) | — | — | — |
| Adjusted EBITDA | $ 180,088 | $ 161,709 | $ 107,216 | $ 89,544 | $ 172,736 |

(1) Amount in 2015 includes unrealized losses totaling $18.3 million on our foreign currency exchange contracts associated with the *Grand Canyon*, *Grand Canyon II* and *Grand Canyon III* chartered vessels.

(2) Amount in 2015 reflects asset impairment charges for the *Helix 534,* the *HP I* and certain capitalized vessel project costs.

(3) Amount in 2016 reflects a goodwill impairment charge related to our robotics reporting unit. Amount in 2015 reflects a goodwill impairment charge related to our U.K. well intervention reporting unit.

(4) Amount in 2015 primarily reflects losses from our share of impairment charges that Deepwater Gateway and Independence Hub recorded in December 2015 and the write-offs of the remaining capitalized interest related to these equity investments.

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

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| Cash flows from operating activities | $ 169,669 | $ 196,744 | $ 51,638 | $ 38,714 | $ 110,805 |
| Less: Capital expenditures, net of proceeds from sale of assets | (138,304) | (137,058) | (221,127) | (173,310) | (302,719) |
| Free cash flow | $ 31,365 | $ 59,686 | $ (169,489) | $ (134,596) | $ (191,914) |

**Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations***

*The following management's discussion and analysis should be read in conjunction with our historical consolidated financial statements located in Item 8. Financial Statements and Supplementary Data of this Annual Report. Any reference to Notes in the following management's discussion and analysis refers to the Notes to Consolidated Financial Statements located in Item 8. Financial Statements and Supplementary Data of this Annual Report. The results of operations reported and summarized below are not necessarily indicative of future operating results. This discussion also contains forward-looking statements that reflect our current views with respect to future events and financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, such as those set forth under Item 1A. Risk Factors and located earlier in this Annual Report.*

## EXECUTIVE SUMMARY

### Our Business

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. With the delivery in November 2019 and the commencement of operations in January 2020 of the *Q7000*, our well intervention fleet currently includes seven purpose-built well intervention vessels, six IRSs, three SILs and one ROAM. Our robotics equipment currently includes 44 work-class ROVs, four trenchers and one ROVDrill. We also charter ROV support vessels on both long-term and spot bases to facilitate our ROV and trenching operations. Our intervention and robotic operations are geographically dispersed throughout the world. We believe that focusing on these services should deliver favorable long-term financial returns. Our Production Facilities segment includes the *HP I*, the HFRS and several wells and related infrastructure associated with the Droshky Prospect.

Our alliance with OneSubsea 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 15K IRS, which was completed and placed into service in January 2018, and our first ROAM, which is currently available to customers.

### 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 OPEC;
- 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 globally;
- technological advances affecting energy exploration, production, transportation and consumption;
- the environmental and social sustainability of the oil and gas industry and the perception thereof, including within the investing community;
- potential acceleration of the development of alternative fuels;
- shifts in end-customer preferences toward fuel efficiency and the use of natural gas;
- weather conditions, natural disasters, and epidemic and pandemic diseases;
- environmental and other governmental regulations; and
- domestic and international tax laws, regulations and policies.

Crude oil prices declined significantly in 2014 and have been volatile since then. Brent crude oil prices fluctuated between $53 and $75 per barrel during 2019. The volatility and uncertainty in future prices have discouraged oil and gas companies from making longer-term investments in offshore exploration and production as well as other offshore operational activities, which has decreased the demand and rates for services provided by drilling rig contractors. The decrease in rates for drilling rig contractors affects us as drilling rigs historically have been the asset class used for offshore well intervention work. Furthermore, the uncertainty and volatility in oil prices have caused our customers to use drilling rigs on existing long-term contracts to perform well intervention work instead of new drilling activities. This rig overhang, combined with lower volumes of work for drilling rig contractors, continues to affect the utilization and/or rates we can achieve for our assets. Furthermore, volatile and uncertain macroeconomic conditions in some regions and countries around the world, such as West Africa, Brazil, China 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. As oil and gas companies begin to increase overall spending levels, we expect that it will likely be weighted towards production enhancement activities rather than exploration projects. Moreover, as the subsea tree base expands and ages, the demand for P&A services should persist. We believe that we have a competitive advantage in performing well intervention services efficiently. 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 to prolong well life in oil and gas production and safely decommission end of life wells are primary drivers of demand for our services.

We continue to position ourselves for future market recovery while managing through this sustained period of market weakness. Our position is based on multiple factors, including: (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.

Despite being in an ongoing weak market, we did see improvements in 2019 compared to 2018. In the Gulf of Mexico, offshore activity increased with higher utilization and an increase in rig count during the year. Measured signs of improvements also began to show in rates, which typically lag those in utilization. We are seeing positive developments that drive demand for our business, including (1) the decrease in rig overhang as long-term rig contracts expire, which contracts were viewed by our customers as a sunk cost and (2) the decrease in the attractiveness of unconventional onshore oil and gas opportunities, which may diverge investments offshore. We expect to see a continued recovery, albeit a slow recovery, in offshore oil and gas activities in the Gulf of Mexico in 2020.

**Business Activity Summary**

We have been focused on enhancing our financial position and strengthening our balance sheet through various means including securities offerings (the last of which occurred in March 2018), which has allowed us to strategically focus on our core well intervention and robotics businesses.

In January 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.

Also in January 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 agreed to pay us certain amounts as we complete the P&A of the acquired assets, which we can perform as our schedule permits, subject to regulatory timelines. We completed the P&A of two of the Droshky wells during 2019, and we expect limited production associated with the remaining Droshky wells.

In May 2019, we acquired a 70% controlling interest in Subsea Technologies Group Limited (“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.

In November 2019, we took delivery of the *Q7000*, a newbuild semi-submersible well intervention vessel built to U.K. North Sea standards. The vessel then transited from the shipyard in Singapore to Nigeria where it commenced operations in January 2020.

In November 2019, we returned the *Grand Canyon* to its owner upon expiration of the long-term charter agreement. The vessel continues to serve as a spot vessel on a short-term basis.

**Backlog**

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. 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 December 31, 2019, our consolidated backlog that is supported by written agreements or contracts totaled $796 million, of which $509 million is expected to be performed in 2020. The substantial majority of our backlog is associated with our Well Intervention business segment. As of December 31, 2019, our well intervention backlog was $568 million, including $402 million expected to be performed in 2020. 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 82% of our total backlog. As of December 31, 2018, the total backlog associated with our operations was $1.1 billion. 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.

## 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 consolidated financial statements, including our consolidated results of operations.

**Comparison of Years Ended December 31, 2019 and 2018**

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

| | Year Ended December 31, | | Increase/(Decrease) | |
|---|---|---|---|---|
| | 2019 | 2018 | Amount | Percent |
| Net revenues — | | | | |
| Well Intervention | $ 593,300 | $ 560,568 | $ 32,732 | 6 % |
| Robotics | 171,672 | 158,989 | 12,683 | 8 % |
| Production Facilities | 61,210 | 64,400 | (3,190) | (5)% |
| Intercompany eliminations | (74,273) | (44,139) | (30,134) | |
| | $ 751,909 | $ 739,818 | $ 12,091 | 2 % |
| | | | | |
| Gross profit (loss) — | | | | |
| Well Intervention | $ 104,376 | $ 101,129 | $ 3,247 | 3 % |
| Robotics | 15,809 | (4,978) | 20,787 | (4) |
| Production Facilities | 19,222 | 27,626 | (8,404) | (30)% |
| Corporate, eliminations and other | (1,569) | (2,093) | 524 | |
| | $ 137,838 | $ 121,684 | $ 16,154 | 13 % |
| | | | | |
| Gross margin — | | | | |
| Well Intervention | 18% | 18 % | | |
| Robotics | 9% | (3)% | | |
| Production Facilities | 31% | 43 % | | |
| Total company | 18% | 16 % | | |
| | | | | |
| Number of vessels or robotics assets [1] / Utilization [2] | | | | |
| Well Intervention vessels | 6/89% | 6/83% | | |
| Robotics assets [3] | 50/41% | 52/37% | | |
| Chartered robotics vessels | 3/87% | 3/76% | | |

(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 or assets 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 in 2019 and 2018 included 191 and 245 spot vessel days, respectively, at near full utilization.

(3) Consists of ROVs, trenchers and ROVDrill.

(4) 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):

| | Year Ended December 31, | | Increase/ |
|---|---|---|---|
| | 2019 | 2018 | (Decrease) |
| Well Intervention | $ 43,484 | $ 14,218 | $ 29,266 |
| Robotics | 30,789 | 29,921 | 868 |
| | $ 74,273 | $ 44,139 | $ 30,134 |

***Net Revenues.*** Our total net revenues increased by 2% in 2019 as compared to 2018 reflecting a mix of higher revenues from our Well Intervention and Robotics business segments, lower revenues from our Production Facilities business segment, and higher intercompany eliminations.

Our Well Intervention revenues increased by 6% in 2019 as compared to 2018, primarily reflecting higher revenues in the Gulf of Mexico and Brazil, partially offset by lower revenues in the North Sea. The increase in revenues in the Gulf of Mexico was primarily attributable to higher utilization of the *Q4000* during 2019 as compared to 2018. This revenue increase was offset by a reduction in IRS rental revenues during the comparative year-over-year periods. Our Well Intervention revenues in the Gulf of Mexico during 2019 also included $27.5 million associated with intercompany P&A work on two of the Droshky wells for our Production Facilities segment, for which we received payments from Marathon Oil in 2019. The increase in revenues in Brazil was primarily a result of higher utilization of both the *Siem Helix 1* and the *Siem Helix 2* during 2019. Our Well Intervention revenues in Brazil during 2019 also included approximately $3.9 million of contractual adjustments related to withholding taxes in Brazil, of which $2.1 million related to previous years (Note 12). The decrease in revenues in the North Sea primarily reflected a weaker British pound and lower rates as compared to 2018.

Our Robotics revenues increased by 8% in 2019 as compared to 2018. The increase primarily reflected increased utilization of our chartered vessels (from 76% in 2018 to 87% in 2019) and our robotics assets also achieved higher utilization in 2019 as compared to 2018.

Our Production Facilities revenues decreased by 5% in 2019 as compared to 2018 primarily reflecting lower revenues from the HFRS during 2019, offset in part by production revenues from the oil and gas properties that we acquired from Marathon Oil in January 2019 (Note 1).

The increase in intercompany eliminations was primarily the result of $27.5 million in revenue that our Well Intervention business segment recognized with its completion of P&A work on behalf of our Production Facilities segment.

***Gross Profit (Loss).*** Our 2019 gross profit increased by $16.2 million, or 13%, as compared to 2018 reflecting improvements in our Well Intervention and Robotics business segments, offset in part by lower gross profit in our Production Facilities business segment.

The gross profit related to our Well Intervention segment increased by $3.2 million, or 3%, in 2019 as compared to 2018, primarily reflecting improved operating results in Brazil and the Gulf of Mexico, offset in part by reduced operating results in the North Sea and lower IRS rental unit utilization.

Our Robotics segment achieved a gross profit of $15.8 million in 2019 as compared to a gross loss of $5.0 million in 2018 primarily reflecting increased utilization for our chartered vessels and our robotics assets as well as a reduction in vessel costs due to the termination of the *Grand Canyon* charter in November 2019 (Notes 1 and 17) and the expiration of the hedge of the *Grand Canyon II* charter payments in July 2019 (Note 21).

The gross profit related to our Production Facilities segment decreased by 30% in 2019 as compared to 2018 primarily reflecting revenue decreases for the HFRS.

***Selling, General and Administrative Expenses.*** Our selling, general and administrative expenses decreased by $0.4 million in 2019 as compared to 2018. The decrease was primarily attributable to a net reduction in employee compensation costs in 2019 as compared to 2018 (Note 14).

***Equity in Earnings (Losses) of Investment.*** Equity in earnings (losses) of investment was $1.4 million in 2019 as compared to $(3.9) million in 2018 primarily reflecting a reduction in our share of estimated obligations to decommission the Independence Hub platform (Note 5).

***Net Interest Expense.*** Our net interest expense totaled $8.3 million in 2019 as compared to $13.8 million in 2018 primarily reflecting higher capitalized interest and a reduction in our overall debt levels from $479.2 million in 2018 to $436.1 million in 2019. Capitalized interest totaled $20.2 million for 2019 as compared to $15.6 million for 2018 as a result of the construction and completion of the *Q7000*.

***Loss on Extinguishment of Long-term Debt.*** The $1.2 million loss in 2018 was attributable to the write-off of the unamortized debt issuance costs related to the prepayment of $61 million of the then-existing term loan in March 2018 and costs associated with the redemption of the 2032 Notes (Note 8).

***Other Income (Expense), Net.*** Net other income was $1.2 million for 2019 as compared to net other expense of $6.3 million for 2018. Net other income (expense) in 2019 and 2018 included foreign currency transaction gains (losses) of $1.5 million and $(4.3) million, respectively. These amounts primarily reflect foreign exchange fluctuations in our non-U.S. dollar currencies. Also included in the comparable year over year periods were net losses of $0.4 million in 2019 and $0.9 million in 2018 associated with our foreign currency exchange contracts that were not designated as cash flow hedges (Note 21). In addition, net other expense for 2018 included a $1.1 million other than temporary loss on a note receivable.

***Royalty Income and Other.*** Royalty income and other decreased by $1.3 million in 2019 as compared to 2018. The decrease was primarily attributable to the reduction in our overriding royalty income, which was affected by lower average oil prices and lower production volumes in 2019 as compared to 2018.

***Income Tax Provision (Benefit).*** Income tax provision was $7.9 million for 2019 as compared to $2.4 million for 2018. The effective tax rate was 12.0% for 2019 as compared to 7.7% for 2018. The increase was primarily attributable to improvements in profitability in the U.S. year over year (Note 9).

**Comparison of Years Ended December 31, 2018 and 2017**

Various financial and operational highlights for the years ended December 31, 2018 and 2017 were previously presented in our 2018 Annual Report on Form 10-K.

## LIQUIDITY AND CAPITAL RESOURCES

***Overview***

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

| | December 31, | |
|---|---|---|
| | 2019 | 2018 |
| Working capital [1] | $ 153,508 | $ 259,440 |
| Long-term debt [2] | 306,122 | 393,063 |
| Liquidity [3] | 379,533 | 426,813 |

(1) Working capital as of December 31, 2019 included the recognition of $53.8 million of current operating lease liabilities as a result of the adoption of Accounting Standards Update No. 2016-02, “Leases (Topic 842)” in 2019 (Notes 2 and 6) and the classification of the Nordea Q5000 Loan of $89.0 million in current maturities of long-term debt (Note 8).

(2) 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 discounts and debt issuance costs. See Note 8 for information relating to our long-term debt.

(3) 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 December 31, 2019 included cash and cash equivalents of $208.4 million and $171.1 million of available borrowing capacity under the Revolving Credit Facility (Note 8). Our liquidity at December 31, 2019 did not include $54.1 million of restricted cash (short-term). 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 discounts and debt issuance costs, is as follows (in thousands):

| | December 31, | |
|---|---|---|
| | 2019 | 2018 |
| Term Loan (matures June 2020) | $ 32,869 | $ 33,321 |
| Nordea Q5000 Loan (matures April 2020) | 89,031 | 123,980 |
| MARAD Debt (matures February 2027) | 60,073 | 66,443 |
| Convertible Senior Notes Due 2022 (mature May 2022) [1] | 115,765 | 112,192 |
| Convertible Senior Notes Due 2023 (mature September 2023) [1] | 108,115 | 104,379 |
| Total debt | $ 405,853 | $ 440,315 |

(1) Convertible Senior Notes Due 2022 (the “2022 Notes”) and Convertible Senior Notes Due 2023 (the “2023 Notes”) will increase to their face amounts through accretion of the debt discounts through May 1, 2022 and September 15, 2023, respectively.

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| Cash provided by (used in): | | | |
| Operating activities | $ 169,669 | $ 196,744 | $ 51,638 |
| Investing activities | (142,385) | (136,014) | (221,127) |
| Financing activities | (45,818) | (46,186) | 77,482 |

Our current requirements for cash primarily reflect the need to fund our operations and capital spending for our current lines of business and to service our debt. As of December 31, 2019, the remaining principal balance of the Nordea Q5000 Loan was classified to current as its maturity date is April 30, 2020. Although we currently have no plans to do so, we have the ability to fund the repayment of the Nordea Q5000 Loan when due with available borrowing capacity under the Revolving Credit Facility.

Given the ongoing 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 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 December 31, 2019 and 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 December 31, 2019, our available borrowing capacity under the Revolving Credit Facility, based on the applicable leverage ratio covenant, was $171.1 million, net of $3.9 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 of the Credit Agreement, we may borrow and/or obtain letters of credit of up to $25 million under the Revolving Credit Facility. See Note 8 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.

***Operating Cash Flows***

Total cash flows from operating activities decreased by $27.1 million in 2019 as compared to 2018 primarily reflecting changes in our working capital during 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.

Total cash flows from operating activities increased by $145.1 million in 2018 as compared to 2017 primarily reflecting improvements in our operations, collection of accounts receivable and reductions in interest payments.

***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 (uses) sources of cash associated with investing activities are as follows (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| Capital expenditures: | | | |
| Well Intervention | $ (139,212) | $ (136,164) | $ (230,354) |
| Robotics | (417) | (151) | (648) |
| Production Facilities | (123) | (325) | — |
| Other | (1,102) | (443) | (125) |
| STL acquisition, net | (4,081) | — | — |
| Proceeds from sale of assets [1] | 2,550 | 25 | 10,000 |
| Other | — | 1,044 | — |
| Net cash used in investing activities | $ (142,385) | $ (136,014) | $ (221,127) |

(1) Amount in 2019 primarily reflects cash received from the sale of certain property acquired from Marathon Oil (Note 16). Amount in 2017 reflects cash received from the sale of our former spoolbase facility located in Ingleside, Texas.

Our capital expenditures above primarily included payments associated with the construction and completion of the *Q7000* (see below), the investment in the topside well intervention equipment for the *Siem Helix 1* and *Siem Helix 2* vessels that we charter to perform our agreements with Petrobras (see below), and the investment in the 15K IRS and the ROAM.

In September 2013, we entered into a contract for the construction of the *Q7000*, a newbuild semi-submersible well intervention vessel built to U.K. 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% was paid upon the delivery of the vessel in November 2019. At December 31, 2019, our total investment in the *Q7000* was $536.4 million, including $346.0 million of installment payments to the shipyard. The vessel commenced operations in Nigeria in January 2020.

In February 2014, we entered into agreements with Petrobras to provide well intervention services offshore Brazil. The initial term of the agreements with Petrobras is for four years, with options to extend by agreement of both parties for an additional period of up to four years. In connection with the Petrobras agreements, we entered into charter agreements with Siem for two monohull vessels, the *Siem Helix 1*, which commenced operations for Petrobras in April 2017, and the *Siem Helix 2*, which commenced operations for Petrobras in December 2017.

***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 $45.8 million in 2019 primarily reflected the repayment of $42.6 million of our indebtedness and $2.0 million in net cash outflows related to repayments and net refinancing, including fees, of the Term Loan (Note 8). Net cash outflows from financing activities of $46.2 million in 2018 primarily reflected the repayment of $166.4 million of our indebtedness using cash and the net proceeds from the issuance in March 2018 of $125 million of the 2023 Notes (Note 8).

Net cash outflows from financing activities were $46.2 million in 2018 as compared to net cash inflows of $77.5 million in 2017. In 2018, we repaid approximately $166 million of our indebtedness using cash and the net proceeds from the issuance in March 2018 of $125 million of our 2023 Notes. Cash inflows from financing activities in 2017 included the net proceeds of approximately $220 million we received from our underwritten public equity offering in January 2017, offset in part by debt repayments in 2017.

***Free Cash Flow***

Free cash flow decreased by $28.3 million in 2019 as compared to 2018 attributable to the decrease in operating cash flows and higher capital expenditures in 2019.

Free cash flow increased by $229.2 million in 2018 as compared to 2017 primarily attributable to higher operating cash flows and reduced capital expenditures in 2018 as a result of the completion of the *Siem Helix 1* and *Siem Helix 2* vessels during 2017.

Free cash flow is a non-GAAP financial measure. See Item 6 for the definition and calculation of free cash flow.

***Outlook***

We anticipate that our capital expenditures, including capitalized interest and regulatory certification costs for our vessels and systems, will approximate $50 million for 2020. 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 2020 operating needs and to meet our debt obligations due in 2020.

***Contractual Obligations and Commercial Commitments***

The following table summarizes our contractual cash obligations as of December 31, 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 | $ 33,250 | $ 3,500 | $ 29,750 | $ — | $ — |
| Nordea Q5000 Loan | 89,286 | 89,286 | — | — | — |
| MARAD debt | 63,610 | 7,200 | 15,497 | 17,082 | 23,831 |
| 2022 Notes [2] | 125,000 | — | 125,000 | — | — |
| 2023 Notes [3] | 125,000 | — | — | 125,000 | — |
| Interest related to debt [4] | 51,401 | 17,457 | 24,759 | 6,706 | 2,479 |
| Property and equipment [5] | 7,978 | 7,978 | — | — | — |
| Operating leases [6] | 378,642 | 107,565 | 192,501 | 72,325 | 6,251 |
| Total cash obligations | $ 874,167 | $ 232,986 | $ 387,507 | $ 221,113 | $ 32,561 |

(1) Excludes unsecured letters of credit outstanding at December 31, 2019 totaling $3.9 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 December 31, 2019, the conversion trigger was not met. See Note 8 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 December 31, 2019, the conversion trigger was not met. See Note 8 for additional information.

(4) Interest payment obligations were calculated using stated coupon rates for fixed rate debt and interest rates applicable at December 31, 2019 for variable rate debt.

(5) Primarily reflects costs associated with the *Q7000* prior to the commencement of its operations in January 2020 (Note 17).

(6) Operating leases include vessel charters and facility and equipment leases. At December 31, 2019, our commitment related to long-term vessel charters totaled approximately $340.9 million, of which $137.0 million was related to the non-lease (services) components that are not included in operating lease liabilities in the consolidated balance sheet as of December 31, 2019.

***Contingencies***

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.

## CRITICAL ACCOUNTING ESTIMATES AND POLICIES

Our discussion and analysis of our financial condition and results of operations, as reflected in the accompanying consolidated financial statements and related footnotes, are prepared 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. We believe that the most critical accounting policies in this regard are those described below. While these issues require us to make judgments that are somewhat subjective, they are generally based on a significant amount of historical data and current market data. See Note 2 for a detailed discussion on the application of our accounting policies.

***Property and Equipment***

We review our property and equipment for impairment indicators at least quarterly or whenever changes in facts and circumstances indicate that the carrying amount of the asset or asset group may not be recoverable. We base our evaluation on impairment indicators such as the nature of the asset or asset group, the future economic benefits of the asset or asset group, historical and estimated future profitability measures, and other external market conditions of factors that may be present. We often estimate future earnings and cash flows of our assets to corroborate our determination of whether impairment indicators exist. If impairment indicators suggest that the carrying amount of an asset may not be recoverable, we determine whether an impairment has occurred by estimating undiscounted cash flows of the asset to the asset's carrying value. Impairment is recognized for the difference between the asset's carrying value and its estimated fair value. The expected future cash flows used for the assessment of recoverability are based on judgmental assessments of operating costs, project margins and capital project decisions, considering information available at the date of review. Because there usually is a lack of quoted market prices for long-lived assets, the fair value of impaired assets is typically determined based on the present values of expected future cash flows using discount rates believed to be consistent with those used by principal market participants or based on a multiple of operating cash flows validated with historical market transactions of similar assets where possible. The fair value of impaired assets is typically determined based on the present values of expected future cash flows using discount rates believed to be consistent with those used by principal market participants or based on a multiple of operating cash flows validated with historical market transactions of similar assets where possible.

The review of property and equipment for impairment indicators, the determination of the appropriate asset groups at which to evaluate impairment, the projection of future cash flows of property and equipment, and the estimated fair value of any property and equipment that may be deemed unrecoverable involve significant judgment and estimation by our management. Changes to those judgments and estimations could require us to recognize impairment charges in the future.

***Income Taxes***

We conduct business in numerous countries and earn income in various jurisdictions. Income taxes have been provided based upon the tax laws and rates in those jurisdictions. The provision of our income taxes involves the interpretation of various laws and regulations, and changes in those laws, our operations and/or legal structure could impact our income tax liabilities. Furthermore, our tax filings are subject to regular audits and examination by local taxing authorities. We provide for uncertain tax positions and related interest and penalties based upon management's assessment of whether a tax benefit is more likely than not to be sustained upon examination by tax authorities. To the extent we prevail in matters for which a liability for an unrecognized tax benefit is established or are required to pay amounts in excess of the liability, our effective tax rate in a given financial statement period may be affected.

We record deferred taxes based on the differences between financial reporting and the tax basis of assets and liabilities. The carrying value of deferred tax assets are based on our estimates, judgments and assumptions regarding future operating results and taxable income. Loss carryforwards and tax credits are assessed for realization, and a valuation allowance for deferred tax assets is recorded when it is more likely than not that some or all of the benefit from the deferred tax assets will not be realized. If we subsequently determine that we will be able to realize deferred tax assets in the future in excess of our net recorded amount, the resulting adjustment would increase earnings for the period in which such determination was made. We will continue to assess the adequacy of a valuation allowance on a quarterly basis. Any changes to our estimated valuation allowance could be material to our consolidated financial position and results of operations.

The 2017 Tax Act requires the taxable repatriation of foreign earnings that had been reinvested in previous years. Subsequently, repatriation of foreign earnings will generally be free of U.S. federal tax with the possible exception of withholding taxes and state taxes. As of December 31, 2019, we had accumulated undistributed earnings generated by our non-U.S. subsidiaries without operations in the U.S. of approximately $129.2 million. We intend to indefinitely reinvest these earnings, as well as future earnings from our non-U.S. subsidiaries without operations in the U.S., to fund our international operations. We have not accrued for the possibility of withholding taxes. The computation of the potential deferred tax liability associated with the amount of reinvested earnings and other basis difference is not practicable.

**Item 7A.** ***Quantitative and Qualitative Disclosures About Market Risk***

As of December 31, 2019, we were exposed to market risks associated with interest rates and foreign currency exchange rates.

*Interest Rate Risk.* As of December 31, 2019, $122.5 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 December 31, 2019, the interest rate on $67.0 million of the Nordea Q5000 Loan was hedged. Debt subject to variable rates after considering hedging activities was $55.5 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 $0.6 million in interest expense for the year ended December 31, 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 U.S., we endeavor to 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.

Assets and liabilities of our subsidiaries that do not have the U.S. dollar as their functional currency are translated using the exchange rates in effect at the balance sheet date, resulting in translation adjustments that are reflected in “Accumulated other comprehensive loss” in the shareholders’ equity section of our consolidated balance sheets. At December 31, 2019, approximately 15% of our assets were impacted by changes in foreign currencies in relation to the U.S. dollar. For the years ended December 31, 2019, 2018 and 2017, we recorded foreign currency translation gains (losses) of $5.4 million, $(7.2) million and $16.3 million, respectively, to accumulated other comprehensive loss. Deferred taxes have not been provided on foreign currency translation adjustments since we consider our undistributed earnings (when applicable) of our non-U.S. subsidiaries without operations in the U.S. to be permanently reinvested.

When currencies other than the functional currency are to be paid or received, the resulting transaction gain or loss is recognized in the consolidated statements of operations as a component of “Other income (expense), net.” For the years ended December 31, 2019, 2018 and 2017, we recorded foreign currency transaction gains (losses) of $1.5 million, $(4.3) million and $(2.2) million, respectively, primarily related to our subsidiaries in the U.K.

In February 2013, we entered into various 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 the Norwegian kroner. The contracts related to the *Grand Canyon II* charter payments were fully settled through July 2019 and the contracts related to the *Grand Canyon III* charter payments were fully settled through February 2020. A portion of these foreign currency exchange contracts qualified for cash flow hedge accounting treatment.

**Item 8.** ***Financial Statements and Supplementary Data***

**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Shareholders
Helix Energy Solutions Group, Inc.:

*Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated balance sheets of Helix Energy Solutions Group, Inc. and subsidiaries (the Company) as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 27, 2020 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

*Change in Accounting Principle*

As discussed in Note 2 to the consolidated financial statements, the Company changed its method of accounting for leases as of January 1, 2019 due to the adoption of FASB ASU 2016-02, *Leases*.

*Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

*Critical Audit Matter*

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgment. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

*Evaluation of property and equipment impairment triggering events*

As discussed in Note 2 to the consolidated financial statements, the Company evaluates property and equipment for impairment at least quarterly or whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable, or triggering events. The Company performs this evaluation considering the future economic benefits of the assets (or asset groups), historical and estimated future profitability measures, and other factors that may be present, such as extended periods of idle time or the inability to contract the Company's equipment at economical rates. The carrying value of property and equipment as of December 31, 2019 was $1,872,637 thousand.

We identified the evaluation of property and equipment impairment triggering events as a critical audit matter. The evaluation of a triggering event for those assets not under a long-term contract required significant judgment, as expected spending trends by customers in the industry may lead to periods of low utilization and low day rates, and could result in the recognition of impairment charges for assets or asset groups.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's processes to identify and assess triggering events that indicate that the carrying value of an asset or asset group may not be recoverable, including controls related to the consideration of forecasted to actual results and market conditions in determination of a triggering event. We evaluated the Company's identification of potential triggering events, including future expected revenues from executed contracts. We compared data used by the Company against analyst and industry reports. We evaluated the Company's data and assumptions when we identified information that was contrary to that used by the Company. We compared the Company's historical forecasts to actual results by asset group to assess the Company's ability to accurately forecast.

/s/ KPMG LLP

We have served as the Company's auditor since 2016.

Houston, Texas
February 27, 2020

**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Shareholders
Helix Energy Solutions Group, Inc.:

*Opinion on Internal Control Over Financial Reporting*

We have audited Helix Energy Solutions Group, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes (collectively, the consolidated financial statements), and our report dated February 27, 2020 expressed an unqualified opinion on those consolidated financial statements.

*Basis for Opinion*

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

*Definition and Limitations of Internal Control Over Financial Reporting*

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Houston, Texas
February 27, 2020

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

| | December 31, | |
|---|---|---|
| | 2019 | 2018 |
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 208,431 | $ 279,459 |
| Restricted cash | 54,130 | — |
| Accounts receivable: | | |
| Trade, net of allowance for uncollectible accounts of $0 | 75,646 | 67,932 |
| Unbilled and other | 49,811 | 51,943 |
| Other current assets | 50,450 | 51,594 |
| Total current assets | 438,468 | 450,928 |
| Property and equipment | 2,922,274 | 2,785,778 |
| Less accumulated depreciation | (1,049,637) | (959,033) |
| Property and equipment, net | 1,872,637 | 1,826,745 |
| Operating lease right-of-use assets | 201,118 | — |
| Other assets, net | 84,508 | 70,057 |
| Total assets | $ 2,596,731 | $ 2,347,730 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 69,055 | $ 54,813 |
| Accrued liabilities | 62,389 | 85,594 |
| Income tax payable | — | 3,829 |
| Current maturities of long-term debt | 99,731 | 47,252 |
| Current operating lease liabilities | 53,785 | — |
| Total current liabilities | 284,960 | 191,488 |
| Long-term debt | 306,122 | 393,063 |
| Operating lease liabilities | 151,827 | — |
| Deferred tax liabilities | 112,132 | 105,862 |
| Other non-current liabilities | 38,644 | 39,538 |
| Total liabilities | 893,685 | 729,951 |
| Redeemable noncontrolling interests | 3,455 | — |
| Shareholders' equity: | | |
| Common stock, no par, 240,000 shares authorized, 148,888 and 148,203 shares issued, respectively | 1,318,961 | 1,308,709 |
| Retained earnings | 445,370 | 383,034 |
| Accumulated other comprehensive loss | (64,740) | (73,964) |
| Total shareholders' equity | 1,699,591 | 1,617,779 |
| Total liabilities, redeemable noncontrolling interests and shareholders' equity | $ 2,596,731 | $ 2,347,730 |

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

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| Net revenues | $ 751,909 | $ 739,818 | $ 581,383 |
| Cost of sales | 614,071 | 618,134 | 519,217 |
| Gross profit | 137,838 | 121,684 | 62,166 |
| Gain (loss) on disposition of assets, net | — | 146 | (39) |
| Selling, general and administrative expenses | (69,841) | (70,287) | (63,257) |
| Income (loss) from operations | 67,997 | 51,543 | (1,130) |
| Equity in earnings (losses) of investment | 1,439 | (3,918) | (2,368) |
| Net interest expense | (8,333) | (13,751) | (18,778) |
| Loss on extinguishment of long-term debt | (18) | (1,183) | (397) |
| Other income (expense), net | 1,165 | (6,324) | (1,434) |
| Royalty income and other | 3,306 | 4,631 | 3,735 |
| Income (loss) before income taxes | 65,556 | 30,998 | (20,372) |
| Income tax provision (benefit) | 7,859 | 2,400 | (50,424) |
| Net income | 57,697 | 28,598 | 30,052 |
| Net loss attributable to redeemable noncontrolling interests | (222) | — | — |
| Net income attributable to common shareholders | $ 57,919 | $ 28,598 | $ 30,052 |
| | | | |
| Earnings per share of common stock: | | | |
| Basic | $ 0.39 | $ 0.19 | $ 0.20 |
| Diluted | $ 0.38 | $ 0.19 | $ 0.20 |
| | | | |
| Weighted average common shares outstanding: | | | |
| Basic | 147,536 | 146,702 | 145,295 |
| Diluted | 149,577 | 146,830 | 145,300 |

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

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| Net income | $ 57,697 | $ 28,598 | $ 30,052 |
| Other comprehensive income (loss), net of tax: | | | |
| Net unrealized gain (loss) on hedges arising during the period | (680) | (847) | 3,323 |
| Reclassifications to net income | 5,470 | 7,201 | 12,915 |
| Income taxes on hedges | (966) | (1,338) | (5,724) |
| Net change in hedges, net of tax | 3,824 | 5,016 | 10,514 |
| Unrealized gain (loss) on note receivable arising during the period | — | (629) | 629 |
| Income taxes on note receivable | — | 132 | (220) |
| Unrealized gain (loss) on note receivable, net of tax | — | (497) | 409 |
| Foreign currency translation gain (loss) | 5,400 | (7,166) | 16,264 |
| Other comprehensive income (loss), net of tax | 9,224 | (2,647) | 27,187 |
| Comprehensive income | 66,921 | 25,951 | 57,239 |
| Less comprehensive loss attributable to redeemable noncontrolling interests: | | | |
| Net loss | (222) | — | — |
| Foreign currency translation gain | 138 | — | — |
| Comprehensive loss attributable to redeemable noncontrolling interests | (84) | — | — |
| Comprehensive income attributable to common shareholders | $ 67,005 | $ 25,951 | $ 57,239 |

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

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

| | Common Stock | | Retained Earnings | Accumulated Other Comprehensive Loss | Total Shareholders' Equity | Redeemable Noncontrolling Interests |
|---|---|---|---|---|---|---|
| | Shares | Amount | | | | |
| Balance, December 31, 2016 | 120,630 | $ 1,055,934 | $ 322,854 | $ (96,974) | $ 1,281,814 | $ — |
| Net income | — | — | 30,052 | — | 30,052 | — |
| Foreign currency translation adjustments | — | — | — | 16,264 | 16,264 | — |
| Unrealized gain on hedges, net of tax | — | — | — | 10,514 | 10,514 | — |
| Unrealized gain on note receivable, net of tax | — | — | — | 409 | 409 | — |
| Equity component of debt discount on convertible senior notes | — | (7) | — | — | (7) | — |
| Issuance of common stock, net of transaction costs | 26,450 | 219,504 | — | — | 219,504 | — |
| Activity in company stock plans, net and other | 660 | (1,887) | — | — | (1,887) | — |
| Share-based compensation | — | 10,730 | — | — | 10,730 | — |
| Balance, December 31, 2017 | 147,740 | $ 1,284,274 | $ 352,906 | $ (69,787) | $ 1,567,393 | $ — |
| Net income | — | — | 28,598 | — | 28,598 | — |
| Reclassification of stranded tax effect to retained earnings | — | — | 1,530 | (1,530) | — | — |
| Foreign currency translation adjustments | — | — | — | (7,166) | (7,166) | — |
| Unrealized gain on hedges, net of tax | — | — | — | 5,016 | 5,016 | — |
| Unrealized loss on note receivable, net of tax | — | — | — | (497) | (497) | — |
| Equity component of debt discount on convertible senior notes | — | 15,411 | — | — | 15,411 | — |
| Activity in company stock plans, net and other | 463 | (746) | — | — | (746) | — |
| Share-based compensation | — | 9,770 | — | — | 9,770 | — |
| Balance, December 31, 2018 | 148,203 | $ 1,308,709 | $ 383,034 | $ (73,964) | $ 1,617,779 | $ — |
| Net income (loss) | — | — | 57,919 | — | 57,919 | (222) |
| Reclassification of deferred gain from sale leaseback transaction to retained earnings | — | — | 4,560 | — | 4,560 | — |
| Foreign currency translation adjustments | — | — | — | 5,400 | 5,400 | 138 |
| Unrealized gain on hedges, net of tax | — | — | — | 3,824 | 3,824 | — |
| Issuance of redeemable noncontrolling interests | — | — | — | — | — | 3,396 |
| Accretion of redeemable noncontrolling interests | — | — | (143) | — | (143) | 143 |
| Activity in company stock plans, net and other | 685 | (1,032) | — | — | (1,032) | — |
| Share-based compensation | — | 11,284 | — | — | 11,284 | — |
| Balance, December 31, 2019 | 148,888 | $ 1,318,961 | $ 445,370 | $ (64,740) | $ 1,699,591 | $ 3,455 |

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

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| Cash flows from operating activities: | | | |
| Net income | $ 57,697 | $ 28,598 | $ 30,052 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 112,720 | 110,522 | 108,745 |
| Amortization of debt discounts | 6,261 | 5,735 | 4,688 |
| Amortization of debt issuance costs | 3,600 | 3,592 | 6,154 |
| Share-based compensation | 11,469 | 9,925 | 10,877 |
| Deferred income taxes | 3,485 | (2,430) | (54,585) |
| Equity in (earnings) losses of investment | (1,439) | 3,918 | 2,368 |
| (Gain) loss on disposition of assets, net | — | (146) | 39 |
| Loss on extinguishment of long-term debt | 18 | 1,183 | 397 |
| Unrealized gain on derivative contracts, net | (3,383) | (2,324) | (4,423) |
| Changes in operating assets and liabilities, net of acquisitions: | | | |
| Accounts receivable, net | (3,050) | 20,920 | (28,424) |
| Other current assets | 25,383 | (9,904) | (15,680) |
| Income tax payable, net of income tax receivable | (4,456) | 964 | 3,949 |
| Accounts payable and accrued liabilities | (31,893) | (352) | 33,381 |
| Other, net | (6,743) | 26,543 | (45,900) |
| Net cash provided by operating activities | 169,669 | 196,744 | 51,638 |
| | | | |
| Cash flows from investing activities: | | | |
| Capital expenditures | (140,854) | (137,083) | (231,127) |
| STL acquisition, net | (4,081) | — | — |
| Proceeds from sale of assets | 2,550 | 25 | 10,000 |
| Other | — | 1,044 | — |
| Net cash used in investing activities | (142,385) | (136,014) | (221,127) |
| | | | |
| Cash flows from financing activities: | | | |
| Issuance of convertible senior notes | — | 125,000 | — |
| Redemption of convertible senior notes | — | (60,365) | — |
| Proceeds from term loans | 35,000 | — | 100,000 |
| Repayment of term loans | (35,442) | (63,807) | (194,758) |
| Repayment of Nordea Q5000 Loan | (35,714) | (35,714) | (35,715) |
| Repayment of MARAD Debt | (6,858) | (6,532) | (6,222) |
| Debt issuance costs | (1,586) | (3,867) | (3,717) |
| Net proceeds from issuance of common stock | — | — | 219,504 |
| Payments related to tax withholding for share-based compensation | (1,680) | (1,407) | (2,042) |
| Proceeds from issuance of ESPP shares | 462 | 506 | 432 |
| Net cash provided by (used in) financing activities | (45,818) | (46,186) | 77,482 |
| | | | |
| Effect of exchange rate changes on cash and cash equivalents and restricted cash | 1,636 | (1,677) | 1,952 |
| Net increase (decrease) in cash and cash equivalents and restricted cash | (16,898) | 12,867 | (90,055) |
| Cash and cash equivalents and restricted cash: | | | |
| Balance, beginning of year | 279,459 | 266,592 | 356,647 |
| Balance, end of year | $ 262,561 | $ 279,459 | $ 266,592 |

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

**HELIX ENERGY SOLUTIONS GROUP, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1 — Organization**

Unless the context indicates otherwise, the terms “we,” “us” and “our” in this Annual Report refer collectively to Helix Energy Solutions Group, Inc. and its subsidiaries (“Helix” or the “Company”). 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 primarily in deepwater in the Gulf of Mexico, Brazil, North Sea, Asia Pacific and West Africa regions.

***Our Operations***

We provide services and methodologies that we believe are critical to maximizing production economics. Our life of field services are segregated into three reportable business segments: Well Intervention, Robotics and Production Facilities (Note 15).

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 *Q7000*, the *Seawell*, the *Well Enhancer*, and two chartered monohull vessels, the *Siem Helix 1* and the *Siem Helix 2*. 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 two robotics support vessels under long-term charter: the *Grand Canyon II* and the *Grand Canyon III*. We also utilize spot vessels as needed, including the *Ross Candies*, which is under a flexible charter agreement. The *Grand Canyon* charter terminated in November 2019.

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 5), and our ownership of oil and gas properties acquired from Marathon Oil Corporation (“Marathon Oil”) in January 2019 (Note 8). 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 loaned to STL in December 2018. The acquisition is expected to strengthen our supply of subsea intervention systems. The holders of the remaining 30% noncontrolling interest 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 $6.9 million of goodwill, which are reflected in “Other assets” in the accompanying consolidated balance sheet (Note 3). Goodwill is related to the synergies expected from the acquisition. STL is included in our Well Intervention segment and its revenue and earnings are immaterial to our consolidated results.

**Note 2 — Summary of Significant Accounting Policies**

***Principles of Consolidation***

Our consolidated financial statements include the accounts of majority owned subsidiaries. The equity method is used to account for investments in affiliates in which we do not have majority ownership but have the ability to exert significant influence. We account for our ownership interest in Independence Hub under the equity method of accounting. All material intercompany accounts and transactions have been eliminated.

***Basis of Presentation***

Our consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (“GAAP”) in U.S. dollars. 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. We have made all adjustments that we believe are necessary for a fair presentation of our consolidated financial statements.

***Use of Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

***Cash and Cash Equivalents***

Cash and cash equivalents are highly liquid financial instruments with original maturities of three months or less. They are carried at cost plus accrued interest, which approximates fair value.

***Restricted Cash***

We classify cash as restricted when there are legal or contractual restrictions for its withdrawal. As of December 31, 2019, we had restricted cash of $54.1 million, which serves as collateral for one letter of credit and is expected to be restricted for less than one year.

***Accounts Receivable and Allowance for Uncollectible Accounts***

Accounts receivable are stated at the historical carrying amount, net of write-offs and allowance for uncollectible accounts. We establish an allowance for uncollectible accounts based on historical experience as well as any specific collection issues that we have identified. Uncollectible receivables are written off when a settlement is reached for an amount that is less than the outstanding historical balance or when we have determined that the balance will not be collected (Note 19).

***Property and Equipment***

Property and equipment is recorded at historical cost. Property and equipment is depreciated on a straight-line basis over the estimated useful life of an asset. The cost of improvements is capitalized whereas the cost of repairs and maintenance is expensed as incurred.

Assets used in operations are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable because such carrying amount may exceed the asset’s or asset group’s expected undiscounted cash flows. If the carrying amount of the asset or asset group is not recoverable and is greater than its fair value, an impairment charge is recorded. The amount of the impairment recorded is calculated as the difference between the carrying amount of the asset or asset group and its estimated fair value. Individual assets are grouped for impairment purposes at the lowest level where there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. The expected future cash flows used for impairment reviews and related fair value calculations are based on assessments of operating revenues and costs, project margins and capital project decisions, considering all available information at the date of review.

***Capitalized Interest***

Interest from external borrowings is capitalized on major projects until the assets are ready for their intended use. Capitalized interest is added to the cost of the underlying asset and is amortized over the useful life of the asset in the same manner as the underlying asset. Capitalized interest is excluded from our interest expense (Note 8).

***Equity Investment***

With respect to our investment accounted for using the equity method of accounting, losses in excess of the carrying amount of our equity investment are recognized when (i) we guaranteed the obligations of the investee, (ii) we are otherwise committed to provide further financial support for the investee, or (iii) it is anticipated that the investee's return to profitability is imminent. If we provided a commitment to fund losses, we would continue to record losses resulting in a negative equity method investment, which is presented as a liability in the consolidated balance sheets.

***Leases***

Leases with a term greater than one year are recognized in the consolidated balance sheet as right-of-use ("ROU") assets and lease liabilities. We have not recognized in the consolidated 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. The lease term may include the option to extend or terminate the lease when it is reasonably certain that we will exercise the option. 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 approach by estimating the non-lease services, which primarily include crew, repair and maintenance, and regulatory certification costs. For all other leases, we have not separated the lease components and non-lease services.

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

***Goodwill***

Goodwill impairment is evaluated using a two-step process. The first step involves comparing a reporting unit's fair value with its carrying amount. We have the option to assess qualitative factors to determine if it is necessary to perform the first step. If it is more likely than not that a reporting unit's fair value is less than its carrying amount, we must perform the quantitative goodwill impairment test, which involves estimating the reporting unit's fair value and comparing it to its carrying amount. If the reporting unit's carrying amount exceeds its fair value, impairment loss is recognized in an amount equal to that excess, but not to exceed the goodwill's carrying amount.

We perform an impairment analysis of goodwill at least annually as of November 1 or more frequently whenever events or circumstances occur indicating that goodwill might be impaired. Our goodwill balance as of November 1, 2019 was attributable to the STL acquisition in May 2019 (Note 1). We performed a qualitative assessment. Based on our assessment of relevant events and circumstances, we have determined that there was no impairment of goodwill. We had no goodwill in the accompanying consolidated balance sheet at December 31, 2018.

***Deferred Recertification and Dry Dock Costs***

Our vessels and certain well intervention equipment are required by regulation to be periodically recertified. Recertification costs for a vessel are typically incurred while the vessel is in dry dock. We defer and amortize recertification costs, including vessel dry dock costs, over the length of time for which we expect to receive benefits from the recertification, which generally ranges from 30 to 60 months if the appropriate permitting is obtained. A recertification process, including vessel dry dock, typically lasts between one to three months, a period during which a vessel or a piece of equipment is idle and generally not available to earn revenue. Major replacements and improvements that extend the economic useful life or functional operating capability of a vessel or a piece of equipment are capitalized and depreciated over the asset's remaining economic useful life. We expense routine repairs and maintenance costs as they are incurred.

As of December 31, 2019 and 2018, deferred recertification and dry dock costs, which were included within “Other assets, net” in the accompanying consolidated balance sheets (Note 3), totaled $16.1 million and $8.5 million (net of accumulated amortization of $15.7 million and $15.4 million), respectively. During the years ended December 31, 2019, 2018 and 2017, amortization expense related to deferred recertification and dry dock costs was $12.4 million, $8.3 million and $7.0 million, respectively.

***Revenue Recognition***

*Revenue from Contracts with Customers*

We generate revenue in our Well Intervention segment by supplying vessels, personnel and equipment to provide well intervention services, which involve providing marine access, serving as a deployment mechanism to the subsea well, connecting to and maintaining a secure connection to the subsea well and maintaining well control through the duration of the intervention services. We also perform down-hole intervention work and provide certain engineering services. We generate revenue in our Robotics segment by operating ROVs, trenchers and a ROVDrill to provide subsea construction, inspection, repair and maintenance services to oil and gas companies as well as subsea trenching and burial of pipelines and cables as well as seabed clearing for the oil and gas and the renewable energy industries. We also provide integrated robotic services by supplying vessels that deploy ROVs and trenchers. Our Production Facilities segment generates revenue by supplying vessels, personnel and equipment for oil and natural gas processing, well control response services, and oil and gas production from owned properties.

Our revenues are derived 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.

We generally account for our services under contracts with customers as a single performance obligation satisfied over time. The single performance obligation in our dayrate contracts is comprised of a series of distinct time increments in which we provide services. We do not account for activities that are immaterial or not distinct within the context of our contracts as separate performance obligations. Consideration received under a contract is allocated to the single performance obligation on a systematic basis that depicts the pattern of the provision of our services to the customer.

The total transaction price for a contract is determined by estimating both fixed and variable consideration expected to be earned over the term of the contract. We generally do not provide significant financing to our customers and do not adjust contract consideration for the time value of money if extended payment terms are granted for less than one year. Estimated variable consideration, if any, is considered to be constrained and therefore is not included in the transaction price until it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. At the end of each reporting period, we reassess and update our estimates of variable consideration and amounts of that variable consideration that should be constrained.

*Dayrate Contracts*. Revenues generated from dayrate contracts generally provide for payment according to the rates per day as stipulated in the contract (e.g., operating rate, standby rate, and repair rate). Invoices billed to the customer are typically based on the varying rates applicable to operating status on an hourly basis. Dayrate consideration is allocated to the distinct hourly time increment to which it relates and is therefore recognized in line with the contractual rate billed for the services provided for any given hour. Similarly, revenues from contracts that stipulate a monthly rate are recognized ratably during the month.

Dayrate contracts also may contain fees charged to the customer for mobilizing and/or demobilizing equipment and personnel. Mobilization and demobilization are considered contract fulfillment activities, and related fees (subject to any constraint on estimates of variable consideration) are allocated to the single performance obligation and recognized ratably over the term of the contract. Mobilization fees are generally billable to the customer in the initial phase of a contract and generate contract liabilities until they are recognized as revenue. Demobilization fees are generally received at the end of the contract and generate contract assets when they are recognized as revenue prior to becoming receivables from the customer.

We receive reimbursements from our customers for the purchase of supplies, equipment, personnel services and other services provided at their request. Reimbursable revenues are variable and subject to uncertainty as the amounts received and timing thereof are dependent on factors outside of our influence. Accordingly, these revenues are constrained and not recognized until the related costs are incurred on behalf of the customer. We are generally considered a principal in these transactions and record the associated revenues at the gross amounts billed to the customer.

A dayrate contract modification involving an extension of the contract by adding days of services is generally accounted for prospectively as a separate contract, but may be accounted for as a termination of the existing contract and creation of a new contract if the consideration for the extended services does not represent their stand-alone selling prices.

*Lump Sum Contracts*. Revenues generated from lump sum contracts are recognized over time. Revenue is recognized based on the extent of progress towards completion of the performance obligation. We generally use the cost-to-cost measure of progress for our lump sum contracts because it best depicts the progress toward satisfaction of our performance obligation, which occurs as we incur costs under those contracts. Under the cost-to-cost measure of progress, the extent of progress towards completion is measured based on the ratio of cumulative costs incurred to date to the total estimated costs at completion of the performance obligation. Consideration, including lump sum mobilization and demobilization fees billed to the customer, is recorded proportionally as revenue in accordance with the cost-to-cost measure of progress. Consideration for lump sum contracts is generally due from the customer based on the achievement of milestones. As such, contract assets are generated to the extent we recognize revenues in advance of our rights to collect contract consideration and contract liabilities are generated when contract consideration due or received is greater than revenues recognized to date.

We review and update our contract-related estimates regularly and recognize adjustments in estimated profit on contracts under the cumulative catch-up method. Under this method, the impact of the adjustment on profit recorded to date on a contract is recognized in the period in which the adjustment is identified. Revenue and profit in future periods of contract performance are recognized using the adjusted estimate. If a current estimate of total contract costs to be incurred exceeds the estimate of total revenues to be earned, we recognize the projected loss in full when it is identified. A modification to a lump sum contract is generally accounted for as part of the existing contract and recognized as an adjustment to revenue (either as an increase in or a reduction of revenue) on a cumulative catch-up basis.

We implemented a new accounting policy with respect to revenue from contracts with customers upon the adoption of Accounting Standards Update (“ASU”) No. 2014-09 on January 1, 2018. See Note 12 for additional disclosures.

*Income from Oil and Gas Production*

Income from oil and gas production is recognized according to monthly oil and gas production volumes from the oil and gas properties that we own, and is included in revenues from our Production Facilities segment.

*Income from Royalty Interests*

Income from royalty interests is recognized according to our share of monthly oil and gas production volumes and is reflected in “Royalty income and other” in the consolidated statements of operations.

***Income Taxes***

Deferred income taxes are based on the differences between financial reporting and tax bases of assets and liabilities. We utilize the liability method of computing deferred income taxes. The liability method is based on the amount of current and future taxes payable using tax rates and laws in effect at the balance sheet date. Income taxes have been provided based upon the tax laws and rates in the countries in which operations are conducted and income is earned. A valuation allowance for deferred tax assets is recorded when it is more likely than not that some or all of the benefit from the deferred tax asset will not be realized. We consider the undistributed earnings of our non-U.S. subsidiaries without operations in the U.S. to be permanently reinvested.

We provide for uncertain tax positions and related interest and penalties based upon management's assessment of whether a tax benefit is more likely than not to be sustained upon examination by local taxing authorities. At December 31, 2019, we believe that we have appropriately accounted for any unrecognized tax benefits. To the extent we prevail in matters for which a liability for an unrecognized tax benefit is established or are required to pay amounts in excess of the liability, our effective tax rate in a given financial statement period may be affected.

***Share-Based Compensation***

Share-based compensation is measured at the grant date based on the estimated fair value of an award. Share-based compensation based solely on service conditions is recognized on a straight-line basis over the vesting period of the related shares. Forfeitures are recognized as they occur.

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.

Compensation cost for performance share unit ("PSU") awards 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. PSUs that are accounted for as liability awards are measured at their estimated fair value at the balance sheet date, and subsequent changes in fair value of the awards are recognized in earnings. Cumulative compensation cost for vested liability PSU awards equals the actual payout value upon vesting.

***Asset Retirement Obligations***

Asset retirement obligations ("AROs") are recorded at fair value and consist of estimated costs for subsea infrastructure plug and abandonment ("P&A") activities associated with our oil and gas properties, which 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.

***Foreign Currency***

Because we operate in various regions around the world, we conduct a portion of our business in currencies other than the U.S. dollar. Results of operations for our non-U.S. dollar subsidiaries are translated into U.S. dollars using average exchange rates during the period. Assets and liabilities of these non-U.S. dollar subsidiaries are translated into U.S. dollars using the exchange rate in effect and the resulting translation adjustments are included in other comprehensive income (loss) ("OCI").

For transactions denominated in a currency other than a subsidiary's functional currency, the effects of changes in exchange rates are reported in other income or expense in the consolidated statements of operations. For the years ended December 31, 2019, 2018 and 2017, our foreign currency transaction gains (losses) totaled $1.5 million, $(4.3) million and $(2.2) million, respectively. These realized amounts are exclusive of any gains or losses from our foreign currency exchange derivative contracts.

***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 mitigate 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 derivative contracts, including interest rate swaps and foreign currency exchange contracts. All derivative instruments are reflected in the accompanying 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.

We formally document all relationships between hedging instruments and the related hedged items, as well as our risk management objectives, strategies for undertaking various hedge transactions and our methods for assessing and testing correlation and hedge ineffectiveness. All hedging instruments are linked to the hedged asset, liability, firm commitment or forecasted transaction. We also assess, both at the inception of the hedge and on an ongoing basis, whether the derivative instruments that are designated as hedging instruments are highly effective in offsetting changes in cash flows of the hedged items. We discontinue hedge accounting if we determine that a derivative is no longer highly effective as a hedge, or if it is probable that a hedged transaction will not occur. If hedge accounting is discontinued because it is probable the hedged transaction will not occur, gains or losses on the hedging instruments are reclassified from accumulated OCI into earnings immediately. If the forecasted transaction continues to be probable of occurring, any unrealized gains or losses in accumulated OCI, a component of shareholders' equity, are reclassified into earnings over the remaining period of the original forecasted transaction.

*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. Changes in the fair value of interest rate swaps are reported in accumulated OCI. 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 forecasted transactions that are denominated in foreign currencies. Changes in the fair value of foreign currency exchange contracts are reported in accumulated OCI. These changes are subsequently reclassified into earnings when the forecasted payments are made. Changes in the fair value of foreign currency exchange contracts that do not qualify as cash flow hedges are recognized immediately in earnings within "Other income (expense), net" in the consolidated statements of operations.

***Earnings Per Share***

The presentation of basic earnings per share ("EPS") on the face of the accompanying 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. 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 basic and diluted 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 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.

***Major Customers and Concentration of Credit Risk***

The market for our products and services is primarily the offshore oil and gas and renewable industries. Oil and gas companies spend capital on exploration, drilling and production operations, the amount of which is generally dependent on the prevailing view of future oil and gas prices and volatility, which are subject to many external factors. Our customers consist primarily of major and independent oil and gas producers and suppliers, pipeline transmission companies, renewable energy companies and offshore engineering and construction firms. We perform ongoing credit evaluations of our customers and provide allowances for probable credit losses. The percentages of consolidated revenue from major customers (those representing 10% or more of our consolidated revenues) are as follows: 2019 — Petrobras (29%), BP (15%) and Shell (13%); 2018 — Petrobras (28%) and BP (15%); and 2017 — BP (19%), Petrobras (13%) and Talos (10%). Most of the concentration of revenues appears in our Well Intervention business.

***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 described in Note 20.

***New Accounting Standards***

*New accounting standards adopted*

In February 2016, the Financial Accounting Standards Board (the “FASB”) issued ASU No. 2016-02, “Leases (Topic 842)” (“ASC 842”), which was updated by subsequent amendments. ASC 842 requires a lessee to recognize a lease ROU 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 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 has not had, and 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 will be effective for us as of January 1, 2020. We do not expect this ASU to have a material impact on our consolidated financial statements upon adoption.

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 3 — Details of Certain Accounts**

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

| | December 31, | |
|---|---|---|
| | 2019 | 2018 |
| Contract assets (Note 12) | $ 740 | $ 5,829 |
| Prepaids | 11,526 | 10,306 |
| Deferred costs (Note 12) | 28,340 | 27,368 |
| Other | 9,844 | 8,091 |
| Total other current assets | $ 50,450 | $ 51,594 |

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

| | December 31, | |
|---|---|---|
| | 2019 | 2018 |
| Prepaids | $ 777 | $ 5,896 |
| Deferred recertification and dry dock costs, net (Note 2) | 16,065 | 8,525 |
| Deferred costs (Note 12) | 14,531 | 38,574 |
| Charter deposit [(1)] | 12,544 | 12,544 |
| Other receivable (Note 16) | 27,264 | — |
| Goodwill (Note 7) | 7,157 | — |
| Intangible assets with finite lives, net (Note 2) | 3,847 | 1,402 |
| Other | 2,323 | 3,116 |
| Total other assets, net | $ 84,508 | $ 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):

| | December 31, | |
|---|---|---|
| | 2019 | 2018 |
| Accrued payroll and related benefits | $ 31,417 | $ 43,079 |
| Investee losses in excess of investment (Note 5) | 4,069 | 5,125 |
| Deferred revenue (Note 12) | 11,568 | 10,103 |
| Derivative liability (Note 21) | 1,002 | 9,311 |
| Other | 14,333 | 17,976 |
| Total accrued liabilities | $ 62,389 | $ 85,594 |

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

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Investee losses in excess of investment (Note 5) | $ — | $ 6,035 |
| Deferred gain on sale of property [1] | — | 5,052 |
| Deferred revenue (Note 12) | 8,286 | 15,767 |
| Asset retirement obligations (Note 16) | 28,258 | — |
| Derivative liability (Note 21) | — | 884 |
| Other | 2,100 | 11,800 |
| Total other non-current liabilities | $ 38,644 | $ 39,538 |

(1) Relates to the sale and lease-back in January 2016 of certain 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 2 for the effect of ASC 842 on this deferred gain.

**Note 4 — Property and Equipment**

The following is a summary of the gross components of property and equipment (dollars in thousands):

| | Estimated Useful Life | December 31, 2019 | December 31, 2018 |
|---|---|---|---|
| Vessels | 15 to 30 years | $ 2,323,314 | $ 2,185,409 |
| ROVs, trenchers and ROVDrill | 10 years | 270,004 | 284,172 |
| Machinery, equipment and leasehold improvements | 5 to 15 years | 328,956 | 316,197 |
| Total property and equipment | | $ 2,922,274 | $ 2,785,778 |

**Note 5 — Equity Method 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, which is in the process of being decommissioned and is expected to be substantially completed within the next 12 months. We recognized a liability of $4.1 million and $11.2 million at December 31, 2019 and 2018, respectively, for our share of Independence Hub’s estimated obligations, net of remaining working capital.

**Note 6 — 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. As of December 31, 2019, the minimum sublease income to be received in the future totaled $2.9 million.

The following table details the components of our lease cost in 2019 (in thousands):

| | Year Ended December 31, 2019 |
|---|---|
| Operating lease cost | $ 70,860 |
| Variable lease cost | 13,780 |
| Short-term lease cost | 20,384 |
| Sublease income | (1,391) |
| Net lease cost | $ 103,633 |

Maturities of our operating lease liabilities as of December 31, 2019 are as follows (in thousands):

| | Vessels | Facilities and Equipment | Total |
|---|---|---|---|
| 2020 | $ 60,210 | $ 6,610 | $ 66,820 |
| 2021 | 54,564 | 5,888 | 60,452 |
| 2022 | 52,106 | 5,257 | 57,363 |
| 2023 | 34,580 | 4,622 | 39,202 |
| 2024 | 2,470 | 4,349 | 6,819 |
| Thereafter | — | 6,251 | 6,251 |
| Total lease payments | $ 203,930 | $ 32,977 | $ 236,907 |
| Less: imputed interest | (24,846) | (6,449) | (31,295) |
| Total operating lease liabilities | $ 179,084 | $ 26,528 | $ 205,612 |
| | | | |
| Current operating lease liabilities | $ 48,716 | $ 5,069 | $ 53,785 |
| Non-current operating lease liabilities | 130,368 | 21,459 | 151,827 |
| Total operating lease liabilities | $ 179,084 | $ 26,528 | $ 205,612 |

The following table presents the weighted average remaining lease term and discount rate in 2019:

| | December 31, 2019 |
|---|---|
| Weighted average remaining lease term | 4.0 years |
| Weighted average discount rate | 7.54% |

The following table presents other information related to our operating leases in 2019 (in thousands):

| | Year Ended December 31, 2019 |
|---|---|
| Cash paid for operating lease liabilities | $ 71,698 |
| ROU assets obtained in exchange for new operating lease obligations | 1,168 |

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 |

For the years ended December 31, 2018 and 2017, total rental expense was approximately $147.8 million and $114.5 million, respectively. For the years ended December 31, 2018 and 2017, total sublease rental income was $1.4 million and $1.3 million, respectively.

**Note 7 — Goodwill**

The changes in the carrying amount of goodwill are as follows (in thousands):

| | Well Intervention |
|---|---|
| Balance at December 31, 2018 | $ — |
| Additions [1] | 6,855 |
| Other adjustments [2] | 302 |
| Balance at December 31, 2019 | $ 7,157 |

(1) Relates to goodwill arising from the STL acquisition in May 2019 (Note 1).

(2) Relates to foreign currency adjustments.

**Note 8 — Long-Term Debt**

Long-term debt consists of the following (in thousands):

| | December 31, | |
|---|---|---|
| | 2019 | 2018 |
| Term Loan (previously scheduled to mature June 2020) | $ — | $ 33,693 |
| Term Loan (matures December 2021) | 33,250 | — |
| 2022 Notes (mature May 2022) | 125,000 | 125,000 |
| 2023 Notes (mature September 2023) | 125,000 | 125,000 |
| MARAD Debt (matures February 2027) | 63,610 | 70,468 |
| Nordea Q5000 Loan (matures April 2020) | 89,286 | 125,000 |
| Unamortized debt discounts | (22,540) | (28,802) |
| Unamortized debt issuance costs | (7,753) | (10,044) |
| Total debt | 405,853 | 440,315 |
| Less current maturities | (99,731) | (47,252) |
| Long-term debt | $ 306,122 | $ 393,063 |

***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 and matures on December 31, 2021. 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 of up to $100 million with respect to an increase in the Revolving Credit Facility. As of December 31, 2019, we had no borrowings under the Revolving Credit Facility, and our available borrowing capacity under that facility, based on the leverage ratios, totaled $171.1 million, net of $3.9 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 5.05% as of December 31, 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 multiplied by 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 available under the Revolving Credit Facility.

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 with the exception of Helix Q5000 Holdings, S.à r.l. ("Q5000 Holdings"), a wholly owned Luxembourg subsidiary of Helix Vessel Finance S.à r.l., are not included 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 Helix Robotics Solutions Limited (formerly known as Canyon Offshore Limited) and (iii) most of the assets of our domestic subsidiaries (other than Cal Dive I - Title XI, Inc.) and of Helix Robotics Solutions Limited. In addition, these obligations are secured by pledges of up to 66% of the shares of certain foreign subsidiaries.

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. In March 2018, we prepaid $61 million of the then-existing term loan with a portion of the net proceeds from the 2023 Notes and recognized a $0.9 million loss to write off the related remaining unamortized debt issuance costs. In June 2017, we recognized a $0.4 million loss to write off the remaining unamortized debt issuance costs related to certain lenders exiting from the then-existing term loan. These losses are presented as "Loss on extinguishment of long-term debt" in the accompanying consolidated statements of operations. In connection with decreases in lenders' commitments under our then-existing revolving credit facility, in June 2017, we recorded a $1.6 million interest charge to accelerate the amortization of a pro-rata portion of debt issuance costs related to the lenders whose commitments were reduced.

In January 2019, contemporaneously with our acquisition 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 P&A obligations and to make certain capital expenditures in connection with acquired assets (Note 16).

***Convertible Senior Notes Due 2022 ("2022 Notes")***

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 were not redeemable. Beginning 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 were initially 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 over the term of the 2022 Notes. For the years ended December 31, 2019, 2018 and 2017, interest expense (including amortization of the debt discount) related to the 2022 Notes totaled $8.4 million, $8.1 million and $7.9 million, respectively. The remaining unamortized debt discount of the 2022 Notes was $8.0 million and $11.0 million at December 31, 2019 and 2018, respectively.

***Convertible Senior Notes Due 2023 ("2023 Notes")***

On March 20, 2018, we completed a public offering and sale of the 2023 Notes in the aggregate principal amount of $125 million. 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. Although not currently convertible, the value of the shares into which the 2023 Notes are convertible exceeded the principal amount of the 2023 Notes by $2.1 million as of December 31, 2019.

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 were initially 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 over the term of the 2023 Notes. For the years ended December 31, 2019 and 2018, interest expense (including amortization of the debt discount) related to the 2023 Notes totaled $8.4 million and $6.4 million, respectively. The remaining unamortized debt discount of the 2023 Notes was $14.5 million and $17.8 million at December 31, 2019 and 2018, respectively.

***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. Helix Vessel Finance S.à r.l., an indirect wholly owned Luxembourg subsidiary of Helix, 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 and unamortized debt issuance costs related to the Nordea Q5000 Loan are classified as current in the accompanying consolidated balance sheet as of December 31, 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. We use interest rate swap contracts to fix the one-month LIBOR rate on a portion of our borrowings under the Nordea Q5000 Loan (Note 21). 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.

***Other***

We previously issued additional convertible senior notes in March 2012, which were originally scheduled to mature on March 15, 2032 (the "2032 Notes"). In 2018, we fully redeemed the remaining $60.1 million in aggregate principal amount of the 2032 Notes and recognized a corresponding $0.2 million loss. The loss is presented as "Loss on extinguishment of long-term debt" in the accompanying consolidated statements of operations.

As discussed above, 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 December 31, 2019, we were in compliance with these covenants.

Scheduled maturities of our long-term debt outstanding as of December 31, 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 | $ — | $ — | $ 7,200 | $ 89,286 | $ 99,986 |
| One to two years | 29,750 | — | — | 7,560 | — | 37,310 |
| Two to three years | — | 125,000 | — | 7,937 | — | 132,937 |
| Three to four years | — | — | 125,000 | 8,333 | — | 133,333 |
| Four to five years | — | — | — | 8,749 | — | 8,749 |
| Over five years | — | — | — | 23,831 | — | 23,831 |
| Gross debt | 33,250 | 125,000 | 125,000 | 63,610 | 89,286 | 436,146 |
| Unamortized debt discounts [2] | — | (7,999) | (14,541) | — | — | (22,540) |
| Unamortized debt issuance costs [3] | (381) | (1,236) | (2,344) | (3,537) | (255) | (7,753) |
| Total debt | 32,869 | 115,765 | 108,115 | 60,073 | 89,031 | 405,853 |
| Less current maturities | (3,500) | — | — | (7,200) | (89,031) | (99,731) |
| Long-term debt | $ 29,369 | $ 115,765 | $ 108,115 | $ 52,873 | $ — | $ 306,122 |

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

(2) The 2022 Notes and the 2023 Notes will increase to their face amounts through accretion of their debt discounts to interest expense through May 2022 and September 2023, respectively.

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

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| Interest expense | $ 31,186 | $ 32,617 | $ 38,274 |
| Capitalized interest | (20,246) | (15,629) | (16,906) |
| Interest income | (2,607) | (3,237) | (2,590) |
| Net interest expense | $ 8,333 | $ 13,751 | $ 18,778 |

**Note 9 — Income Taxes**

On December 22, 2017, the 2017 Tax Act was enacted. The 2017 Tax Act is comprehensive tax reform legislation that contains significant changes to corporate taxation, including a permanent reduction of the corporate income tax rate from 35% to 21%, a mandatory one-time tax on un-repatriated accumulated earnings of foreign subsidiaries, a partial limitation on the deductibility of business interest expense, and a shift from U.S. taxation on worldwide income of multinational corporations to a partial territorial system (along with rules that create a new U.S. minimum tax on earnings of foreign subsidiaries).

Due to the changes to U.S. tax laws as a result of the 2017 Tax Act, we recorded a $51.6 million net income tax benefit during the fourth quarter of 2017. This amount was comprised of the following:

*Reduction of the U.S. Corporate Income Tax Rate*

We measure deferred tax assets and liabilities using enacted tax rates that will apply in the years in which the temporary differences are expected to reverse. Accordingly, our deferred tax assets and liabilities were re-measured to reflect the reduction in the U.S. corporate income tax rate from 35% to 21%, resulting in a $59.7 million deferred income tax benefit recorded during the fourth quarter of 2017 and a corresponding decrease in net deferred tax liabilities as of December 31, 2017.

*Transition Tax on Foreign Earnings*

The one-time transition tax was based on our total post-1986 foreign earnings and profits (“E&P”) deemed repatriated to the U.S. to the extent the E&P has not already been subject to U.S. taxation. We recorded a deferred income tax expense of $8.1 million during the fourth quarter of 2017 related to the one-time transition tax on certain foreign earnings. This resulted in a corresponding decrease in deferred tax assets of $8.1 million due to the utilization of U.S. net operating losses against the deemed mandatory repatriation income inclusion.

We and our subsidiaries file a consolidated U.S. federal income tax return. 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.

Components of income tax provision (benefit) reflected in the consolidated statements of operations consist of the following (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| Current | $ 4,374 | $ 4,830 | $ 4,161 |
| Deferred | 3,485 | (2,430) | (54,585) |
| | $ 7,859 | $ 2,400 | $ (50,424) |
| Domestic | $ 3,715 | $ (3,161) | $ (53,044) |
| Foreign | 4,144 | 5,561 | 2,620 |
| | $ 7,859 | $ 2,400 | $ (50,424) |

Components of income (loss) before income taxes are as follows (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| Domestic | $ 2,219 | $ (28,838) | $ (221) |
| Foreign | 63,337 | 59,836 | (20,151) |
| | $ 65,556 | $ 30,998 | $ (20,372) |

Income taxes are provided based on the U.S. statutory rate and at 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:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| Statutory rate | 21.0 % | 21.0 % | 35.0 % |
| Foreign provision | (10.0) | (15.9) | (6.2) |
| Change in U.S. statutory rate [1] | — | — | 293.1 |
| Mandatory U.S. repatriation [1] | — | — | (39.7) |
| Change in tax position [2] | — | — | (31.1) |
| Other | 1.0 | 2.6 | (3.6) |
| Effective rate | 12.0 % | 7.7 % | 247.5 % |

(1) As a result of the U.S. tax law changes, we recorded a net deferred tax benefit of $51.6 million during the fourth quarter of 2017 (see above).

(2) As a result of a change in tax position related to our foreign taxes, we recorded a tax charge of $6.3 million in June 2017.

Deferred income taxes result from the effect of transactions that are recognized in different periods for financial and tax reporting purposes. The nature of these differences and the income tax effect of each are as follows (in thousands):

| | December 31, | |
|---|---|---|
| | 2019 | 2018 |
| Deferred tax liabilities: | | |
| Depreciation | $ 166,239 | $ 149,974 |
| Debt discounts on 2022 Notes and 2023 Notes | 4,643 | 5,902 |
| Prepaid and other | — | 1,309 |
| Total deferred tax liabilities | $ 170,882 | $ 157,185 |
| Deferred tax assets: | | |
| Net operating losses | $ (64,178) | $ (47,916) |
| Reserves, accrued liabilities and other | (13,203) | (21,347) |
| Total deferred tax assets | (77,381) | (69,263) |
| Valuation allowance | 18,631 | 17,940 |
| Net deferred tax liabilities | $ 112,132 | $ 105,862 |

At December 31, 2019, our U.S. net operating losses available for carryforward totaled $228.3 million. The U.S. net operating loss carryforwards prior to 2018 in the amount of $112.3 million will begin to expire in 2035 if unused. Realization is dependent on generating sufficient taxable income prior to expiration of the loss carryforwards. Although realization is not assured, management believes it is more likely than not that all of these tax attributes will be utilized. The amount of the deferred tax asset considered realizable, however, could be reduced if estimates of future taxable income during the carryforward period are reduced.

At December 31, 2019, we had a $3.0 million valuation allowance recorded against our U.S. deferred tax assets for foreign tax credits. Management believes it is more likely than not that we will not be able to utilize the foreign tax credits prior to their expiration.

At December 31, 2019, we had a $15.6 million valuation allowance related to certain non-U.S. deferred tax assets, primarily net operating losses from our Robotics segment in the U.K., as management believes it is more likely than not that we will not be able to utilize the tax benefits. Additional valuation allowances may be made in the future if in management's opinion it is more likely than not that future tax benefits will not be utilized.

At December 31, 2019, we had accumulated undistributed earnings generated by our non-U.S. subsidiaries without operations in the U.S. of approximately $129.2 million. Due to the enactment of the 2017 Tax Act, repatriations of foreign earnings will generally be free of U.S. federal tax but may result in other withholding taxes or state taxes. Indefinite reinvestment is determined by management's intentions concerning our future operations. We intend to indefinitely reinvest these earnings, as well as future earnings from our non-U.S. subsidiaries without operations in the U.S., to fund our international operations. In addition, we expect future U.S. cash generation will be sufficient to meet future U.S. cash needs. We have not provided deferred income taxes on the accumulated earnings and profits from our non-U.S. subsidiaries without operations in the U.S. as we consider them permanently reinvested. Due to complexities in the tax laws and the manner of repatriation, it is not practicable to estimate the unrecognized amount of deferred income taxes and the related dividend withholding taxes associated with these undistributed earnings.

We account for tax-related interest in interest expense and tax penalties in selling, general and administrative expenses. The statute of limitations on our sole remaining uncertain tax position expired in 2019. Therefore, as of December 31, 2019 there were no unrecognized tax benefits related to uncertain tax positions. As of December 31, 2018 and 2017, we had unrecognized tax benefits of $0.3 million related to uncertain tax positions, which if recognized would have affected the annual effective tax rate in those years.

A reconciliation of the beginning and ending amount of unrecognized tax benefits for the years ended December 31, 2019, 2018 and 2017 is as follows (in thousands):

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Balance at January 1, | $ 306 | $ 318 | $ 343 |
| Additions for tax positions of prior years | — | — | — |
| Reductions for tax positions of prior years | (306) | (12) | (25) |
| Balance at December 31, | $ — | $ 306 | $ 318 |

We file tax returns in the U.S. and in various state, local and non-U.S. jurisdictions. We anticipate that any potential adjustments to our state, local and non-U.S. jurisdiction tax returns by taxing authorities would not have a material impact on our financial position. The tax periods from 2016 through 2019 remain open to review and examination by the Internal Revenue Service. In non-U.S. jurisdictions, the open tax periods include 2013 through 2019.

**Note 10 — Shareholders' Equity**

Our amended and restated Articles of Incorporation provide for authorized Common Stock of 240,000,000 shares with no stated par value per share and 5,000,000 shares of preferred stock, $0.01 par value per share, issuable in one or more series.

On January 10, 2017, we completed an underwritten public offering (the "Offering") of 26,450,000 shares of our common stock at a public offering price of $8.65 per share. The net proceeds from the Offering approximated $220 million, after deducting underwriting discounts and commissions and offering expenses. We used the net proceeds from the Offering for general corporate purposes, including debt repayment, capital expenditures, working capital and investments in our subsidiaries.

The components of accumulated OCI are as follows (in thousands):

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Cumulative foreign currency translation adjustment | $ (64,455) | $ (69,855) |
| Net unrealized loss on hedges, net of tax [1] | (285) | (4,109) |
| Accumulated OCI | $ (64,740) | $ (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 21). Balances at December 31, 2019 and 2018 were net of deferred income taxes totaling $0.1 million and $1.0 million, respectively.

**Note 11 — Stock Buyback Program**

Our Board of Directors (our "Board") has granted us the authority to repurchase shares of our common stock in an amount equal to any equity issued to our employees, officers and directors under our share-based compensation plans, including share-based awards under our existing long-term incentive plans and shares issued to our employees under our Employee Stock Purchase Plan (the "ESPP") (Note 14). We may continue to make repurchases pursuant to this authority from time to time as additional equity is issued under our stock-based plans depending on prevailing market conditions and other factors. As described in an announced plan, all repurchases may be commenced or suspended at any time as determined by management. We have not purchased any shares available under this program since 2015. As of December 31, 2019, 4,866,645 shares of our common stock were available for repurchase under the program.

**Note 12 — Revenue from Contracts with Customers**

***Disaggregation of Revenue***

The following table provides information about disaggregated revenue by contract duration (in thousands):

| | Well Intervention | Robotics | Production Facilities | Intercompany Eliminations [1] | Total Revenue |
|---|---|---|---|---|---|
| **Year ended December 31, 2019** | | | | | |
| Short-term | $ 214,926 | $ 94,501 | $ — | $ — | $ 309,427 |
| Long-term [2] | 378,374 | 77,171 | 61,210 | (74,273) | 442,482 |
| Total | $ 593,300 | $ 171,672 | $ 61,210 | $ (74,273) | $ 751,909 |
| **Year ended December 31, 2018** | | | | | |
| Short-term | $ 199,294 | $ 89,072 | $ — | $ — | $ 288,366 |
| Long-term [2] | 361,274 | 69,917 | 64,400 | (44,139) | 451,452 |
| Total | $ 560,568 | $ 158,989 | $ 64,400 | $ (44,139) | $ 739,818 |

(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” in the accompanying consolidated balance sheets (Note 3). Contract assets as of December 31, 2019 and 2018 were $0.7 million and $5.8 million, respectively. We had no impairment losses on our accounts receivable for the years ended December 31, 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) amounts 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” in the accompanying consolidated balance sheets (Note 3). Contract liabilities as of December 31, 2019 and 2018 totaled $19.9 million and $25.9 million, respectively. Revenue recognized for the years ended December 31, 2019 and 2018 included $10.1 million and $11.6 million, respectively, that were included in the contract liability balance as 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 December 31, 2019, $796.4 million related to unsatisfied performance obligations was expected to be recognized as revenue in the future, with $509.4 million in 2020, $221.2 million in 2021 and $65.8 million in 2022 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 December 31, 2019.

For the year ended December 31, 2019, revenues recognized from performance obligations satisfied (or partially satisfied) in previous years were $2.1 million, which resulted from the recognition of previously constrained variable consideration for contractual adjustments related to withholding taxes in Brazil. For the year ended December 31, 2018, revenues recognized from performance obligations satisfied (or partially satisfied) in previous years 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” in the accompanying consolidated balance sheets (Note 3). Our deferred contract costs as of December 31, 2019 and 2018 totaled $42.9 million and $65.9 million, respectively. For the years ended December 31, 2019 and 2018, we recorded $31.5 million and $33.1 million, respectively, related to amortization of deferred contract costs existing at the beginning of each period. There were no associated impairment losses for any period presented.

**Note 13 — Earnings Per Share**

The computations of the numerator (income) and denominator (shares) to derive the basic and diluted EPS amounts presented on the face of the accompanying consolidated statements of operations are as follows (in thousands):

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2019 | | 2018 | | 2017 | |
| | Income | Shares | Income | Shares | Income | Shares |
| **Basic:** | | | | | | |
| Net income attributable to common shareholders | $ 57,919 | | $ 28,598 | | $ 30,052 | |
| Less: Undistributed earnings allocated to participating securities | (487) | | (273) | | (356) | |
| Accretion of redeemable noncontrolling interests | (143) | | — | | — | |
| Net income available to common shareholders, basic | $ 57,289 | 147,536 | $ 28,325 | 146,702 | $ 29,696 | 145,295 |
| **Diluted:** | | | | | | |
| Net income available to common shareholders, basic | $ 57,289 | 147,536 | $ 28,325 | 146,702 | $ 29,696 | 145,295 |
| Effect of dilutive securities: | | | | | | |
| Share-based awards other than participating securities | — | 2,041 | — | 128 | — | 5 |
| Undistributed earnings reallocated to participating securities | 6 | — | 1 | — | — | — |
| Net income available to common shareholders, diluted | $ 57,295 | 149,577 | $ 28,326 | 146,830 | $ 29,696 | 145,300 |

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):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| 2022 Notes | 8,997 | 8,997 | 8,997 |
| 2023 Notes | 13,202 | 10,344 | — |
| 2032 Notes [1] | — | 524 | 2,403 |

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

**Note 14 — Employee Benefit Plans**

***Defined Contribution Plan***

We sponsor a defined contribution 401(k) retirement plan. Our discretionary contributions, which were reactivated in April 2019, are in the form of cash and currently consist of a 50% match of each participant's contribution up to 5% of the participant's salary. We made employer contributions of $1.0 million to the 401(k) plan in 2019.

***Employee Stock Purchase Plan***

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 internal administrator the authority to establish the maximum shares purchasable during a purchase period. As of December 31, 2019, 2.0 million shares were available for issuance under the ESPP. Eligible employees who participate in the ESPP may purchase shares of our common stock through payroll deductions on an after-tax basis over a four-month period beginning on January 1, May 1, and September 1 of each year during the term of the ESPP, subject to certain restrictions and limitations established by the Compensation Committee of our Board and Section 423 of the Internal Revenue Code. The per share price of common stock purchased under the ESPP is equal to 85% of the lesser of its fair market value on (i) the first trading day of the purchase period or (ii) the last trading day of the purchase period. The ESPP currently has a purchase limit of 260 shares per employee per purchase period.

***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"). The 2005 Incentive Plan is administered by the Compensation Committee of our Board. The Compensation Committee also determines the type of award to be made to each participant and, as set forth in the related award agreement, the terms, conditions and limitations applicable to each award. The Compensation Committee may grant stock options, restricted stock, restricted stock units, PSUs and cash awards. Awards that have been granted to employees under the 2005 Incentive Plan have a vesting period of three years (or 33% per year) with the exception of PSUs, which vest 100% on the third anniversary date of the grant.

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 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 2017 Tax Act. The 2005 Incentive Plan currently has 17.3 million shares authorized for issuance, which includes a maximum of 2.0 million shares that may be granted as incentive stock options. As of December 31, 2019, there were 8.3 million shares available for issuance under the 2005 Incentive Plan and no incentive stock options are currently outstanding.

The following grants of share-based awards were made in 2019 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 |
| July 1, 2019 [3] | 8,727 | $ 8.63 | 100% on January 1, 2021 |
| August 1, 2019 [4] | 7,151 | $ 8.76 | 100% on August 1, 2020 |
| October 1, 2019 [3] | 7,948 | $ 8.06 | 100% on January 1, 2021 |
| December 12, 2019 [5] | 115,003 | $ 9.13 | 100% on December 12, 2020 |

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

(2) Reflects grants of PSUs to our executive officers and select management employees. These awards when vested can only be settled in shares of our common stock.

(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.

(4) Reflects a grant of restricted stock made to a new independent member of our Board upon her joining our Board.

(5) Reflects annual equity grants to each independent member of our Board.

In January 2020, we granted our executive officers and select management employees 369,938 shares of restricted stock and 369,938 PSUs under the 2005 Incentive Plan. The market value of the restricted shares was $9.63 per share or $3.6 million. The grant date fair value of the PSUs was $13.15 per unit. Also in January 2020, we granted $4.7 million of fixed value cash awards to other select management employees under the 2005 Incentive Plan.

*Restricted Stock Awards*

We grant restricted stock to members of our Board, executive officers and select management employees. The following table summarizes information about our restricted stock:

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2019 | | 2018 | | 2017 | |
| | Shares | Grant Date Fair Value [1] | Shares | Grant Date Fair Value [1] | Shares | Grant Date Fair Value [1] |
| Awards outstanding at beginning of year | 1,320,989 | $ 7.40 | 1,579,218 | $ 7.63 | 1,577,973 | $ 7.86 |
| Granted | 846,835 | 6.02 | 614,286 | 7.46 | 829,143 | 8.39 |
| Vested [2] | (993,361) | 6.92 | (823,310) | 7.88 | (817,791) | 8.84 |
| Forfeited | (1,418) | 8.82 | (49,205) | 7.62 | (10,107) | 7.01 |
| Awards outstanding at end of year | 1,173,045 | $ 6.81 | 1,320,989 | $ 7.40 | 1,579,218 | $ 7.63 |

(1) Represents the weighted average grant date fair value, which is based on the quoted closing market price of our common stock on the trading day prior to the date of grant.

(2) Total fair value of restricted stock that vested during the years ended December 31, 2019, 2018 and 2017 was $6.5 million, $6.4 million and $6.9 million, respectively.

For the years ended December 31, 2019, 2018 and 2017, $6.2 million, $6.0 million and $7.9 million, respectively, were recognized as share-based compensation related to restricted stock. Future compensation cost associated with unvested restricted stock at December 31, 2019 totaled approximately $4.2 million. The weighted average vesting period related to unvested restricted stock at December 31, 2019 was approximately 1.3 years.

*Performance Share Unit Awards*

We grant PSUs to our executive officers and from time to time select management employees. The payout at vesting of PSUs is based on the performance of our common stock over a three-year period compared to the performance of other companies in a peer group selected by the Compensation Committee of our Board, with the maximum amount of the award being 200% of the original awarded PSUs and the minimum amount being zero. PSUs granted prior to 2017 were settled in cash and accounted for as liability awards. PSUs granted beginning in 2017 are to be settled solely in shares of our common stock and therefore are accounted for as equity awards.

The following table summarizes information about our equity PSU awards:

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2019 | | 2018 | | 2017 | |
| | Units | Grant Date Fair Value [1] | Units | Grant Date Fair Value [1] | Units | Grant Date Fair Value [1] |
| Equity PSU awards outstanding at beginning of year | 1,006,360 | $ 11.76 | 613,665 | $ 12.64 | — | $ — |
| Granted | 688,540 | 7.60 | 449,271 | 10.44 | 671,771 | 12.64 |
| Forfeited | (129,856) | 8.91 | (56,576) | 10.83 | (58,106) | 12.64 |
| Equity PSU awards outstanding at end of year | 1,565,044 | $ 10.17 | 1,006,360 | $ 11.76 | 613,665 | $ 12.64 |

(1) Represents the weighted average grant date fair value, which is determined using a Monte Carlo simulation model.

For the years ended December 31, 2019, 2018 and 2017, $5.1 million, $3.8 million and $2.8 million, respectively, were recognized as share-based compensation related to equity PSU awards. Future compensation cost associated with unvested equity PSU awards at December 31, 2019 totaled approximately $4.2 million. The weighted average vesting period related to unvested equity PSU awards at December 31, 2019 was approximately 1.0 year. In January 2020, 589,335 equity PSU awards granted in 2017 vested at 200%, representing 1,178,670 shares of our common stock with a total market value of $11.4 million.

For the years ended December 31, 2018 and 2017, $0.9 million and $4.6 million, respectively, were recognized as share-based compensation related to liability PSU awards. At December 31, 2018, the liability balance for unvested liability PSU awards related to the 2016 grant was $11.1 million, which were cash settled when they vested in January 2019. During 2018 and 2017, we cash settled $0.9 million and $0.6 million, respectively, related to the liability PSU awards granted in 2015 and 2014.

*Cash Awards*

In 2019 and 2018, we granted $4.6 million and $5.2 million, respectively, of fixed value cash awards to select management employees under the 2005 Incentive Plan. The value of these cash awards is recognized on a straight-line basis over a vesting period of three years. For the years ended December 31, 2019 and 2018, $3.2 million and $1.7 million, respectively, was recognized as compensation cost, which reflected the liability balance as of December 31, 2019 and 2018 for the cash payout made in January 2020 and 2019, respectively.

**Note 15 — 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 reportable 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 *Q7000*, 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. Our Robotics segment includes ROVs, trenchers and a ROVDrill, which are designed to complement offshore construction and well intervention services, two robotics support vessels under long-term charter: the *Grand Canyon II* and the *Grand Canyon III*, and spot vessels, including the *Ross Candies*, which is under a flexible charter agreement. We returned the *Grand Canyon* to its owner during the fourth quarter of 2019. Our Production Facilities segment includes the *HP I*, the HFRS, our ownership interest in Independence Hub (Note 5) and our ownership of oil and gas properties (Note 1). 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):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| Net revenues — | | | |
| Well Intervention | $ 593,300 | $ 560,568 | $ 406,341 |
| Robotics | 171,672 | 158,989 | 152,755 |
| Production Facilities | 61,210 | 64,400 | 64,352 |
| Intercompany eliminations | (74,273) | (44,139) | (42,065) |
| Total | $ 751,909 | $ 739,818 | $ 581,383 |
| Income (loss) from operations — | | | |
| Well Intervention | $ 89,564 | $ 87,643 | $ 52,733 |
| Robotics | 7,261 | (14,054) | (42,289) |
| Production Facilities | 17,160 | 27,263 | 28,172 |
| Segment operating income | 113,985 | 100,852 | 38,616 |
| Corporate, eliminations and other | (45,988) | (49,309) | (39,746) |
| Total | 67,997 | 51,543 | (1,130) |
| Net interest expense | (8,333) | (13,751) | (18,778) |
| Other non-operating income (expense), net | 5,892 | (6,794) | (464) |
| Income (loss) before income taxes | $ 65,556 | $ 30,998 | $ (20,372) |
| Capital expenditures — | | | |
| Well Intervention | $ 139,212 | $ 136,164 | $ 230,354 |
| Robotics | 417 | 151 | 648 |
| Production Facilities | 123 | 325 | — |
| Corporate and other | 1,102 | 443 | 125 |
| Total | $ 140,854 | $ 137,083 | $ 231,127 |
| Depreciation and amortization — | | | |
| Well Intervention | $ 80,153 | $ 76,943 | $ 68,301 |
| Robotics | 16,459 | 19,175 | 23,626 |
| Production Facilities | 15,658 | 14,070 | 13,936 |
| Corporate and eliminations | 450 | 334 | 2,882 |
| Total | $ 112,720 | $ 110,522 | $ 108,745 |

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):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| Well Intervention [1] | $ 43,484 | $ 14,218 | $ 11,489 |
| Robotics | 30,789 | 29,921 | 30,576 |
| Total | $ 74,273 | $ 44,139 | $ 42,065 |

(1) Amount in the year ended December 31, 2019 included $27.5 million associated with P&A work on two of the Droshky wells for our Production Facilities segment (Note 16). Marathon Oil has agreed to remit payment to us as the P&A work is completed.

Revenues by individually significant geographic location are as follows (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| U.S. | $ 297,162 | $ 271,260 | $ 283,933 |
| U.K. | 193,903 | 194,434 | 155,954 |
| Brazil | 216,796 | 208,054 | 70,710 |
| Other | 44,048 | 66,070 | 70,786 |
| Total | $ 751,909 | $ 739,818 | $ 581,383 |

Our operational assets work throughout the year in various regions around the world such as the Gulf of Mexico, Brazil, the North Sea, Asia Pacific and West Africa. The following table provides our property and equipment, net of accumulated depreciation, by individually significant geographic location (in thousands):

| | December 31, | |
|---|---|---|
| | 2019 | 2018 |
| U.S. | $ 808,683 | $ 862,334 |
| U.K. (1) | 782,246 | 236,512 |
| Brazil | 281,698 | 324,083 |
| Singapore (2) | 10 | 403,816 |
| Total | $ 1,872,637 | $ 1,826,745 |

(1) Includes certain assets that are based in the U.K. but may operate in the North Sea and West Africa regions, including the *Q7000* that was delivered to us in November 2019.

(2) Amount in 2018 primarily included the *Q7000* vessel previously under completion at the shipyard in Singapore.

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):

| | December 31, | |
|---|---|---|
| | 2019 | 2018 |
| Well Intervention | $ 2,180,180 | $ 1,916,638 |
| Robotics | 151,478 | 147,602 |
| Production Facilities | 142,624 | 120,845 |
| Corporate and other | 122,449 | 162,645 |
| Total | $ 2,596,731 | $ 2,347,730 |

**Note 16 — Asset Retirement 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 | | (28,296) |
| Revisions in estimated cash flows | | 822 |
| Accretion expense | | 2,438 |
| AROs at December 31, 2019 | $ | 28,258 |

(1) In connection with the acquisition in January 2019 of certain assets associated with the Droshky Prospect (Notes 1 and 8), 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 17 — Commitments and Contingencies and Other Matters**

*Commitments Related to Our Fleet*

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 Petrobras to perform well intervention work offshore Brazil. The initial term of the charter agreements with Siem is for seven years with options to extend. We have long-term charter agreements for the *Grand Canyon II* and *Grand Canyon III* vessels for use in our robotics operations. The charter agreements expire in April 2021 for the *Grand Canyon II* and in May 2023 for the *Grand Canyon III*. The *Grand Canyon* charter terminated in November 2019.

In September 2013, we executed a contract for the construction of the *Q7000*, a newbuild semi-submersible well intervention vessel built to U.K. 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% was paid upon the delivery of the vessel in November 2019. At December 31, 2019, our total investment in the *Q7000* was $536.4 million, including $346.0 million of installment payments to the shipyard. With the delivery of the *Q7000*, all significant capital commitments have been completed. The vessel commenced operations in Nigeria in January 2020.

*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 18 — Statement of Cash Flow Information**

The following table provides supplemental cash flow information (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| Interest paid, net of interest capitalized | $ 1,909 | $ 7,369 | $ 10,367 |
| Income taxes paid | 8,856 | 5,705 | 6,015 |

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

**Note 19 — Allowance Accounts**

The following table sets forth the activity in our valuation accounts for each of the three years in the period ended December 31, 2019 (in thousands):

| | Allowance for Uncollectible Accounts | Deferred Tax Asset Valuation Allowance |
|---|---|---|
| Balance at December 31, 2016 | $ 1,778 | $ 3,771 |
| Additions [1] [3] | 1,206 | 2,788 |
| Deductions [2] | (232) | — |
| Adjustments [4] | — | 5,778 |
| Balance at December 31, 2017 | 2,752 | 12,337 |
| Deductions [2] | (2,752) | — |
| Adjustments [5] | — | 5,603 |
| Balance at December 31, 2018 | — | 17,940 |
| Adjustments [5] | — | 691 |
| Balance at December 31, 2019 | $ — | $ 18,631 |

(1) The increase in allowance for uncollectible accounts primarily reflects charges associated with the provision for uncertain collection of a portion of our existing trade receivables related to our Robotics segment.

(2) The decrease in allowance for uncollectible accounts reflects the write-offs of trade receivables that are either settled or deemed uncollectible.

(3) The addition of a deferred tax asset valuation allowance reflects management's view that we will not be able to fully realize our foreign tax credits available from 2015 within the carryforward period.

(4) The increase in valuation allowance primarily reflects additional net operating losses in our Robotics segment in the U.K. for which insufficient future taxable income exists to offset the losses.

(5) The increase in valuation allowance primarily reflects additional net operating losses in our Robotics segment in the U.K. for which insufficient future taxable income exists to offset the losses.

See Note 2 for a detailed discussion regarding our accounting policy on accounts receivable and allowance for uncollectible accounts and Note 9 for a detailed discussion of the valuation allowance related to our deferred tax assets.

**Note 20 — Fair Value Measurements**

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 21) 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. The fair value of our interest rate swaps is calculated as the discounted cash flows of the difference between the rate fixed by the hedging instrument and the LIBOR forward curve over the remaining term of the hedging instrument. The fair value of our foreign currency exchange contracts is calculated as the discounted cash flows of the difference between the fixed payment specified by the hedging instrument and the expected cash inflow of the forecasted transaction using a foreign currency forward curve. These modeling techniques require us to make estimations of future prices, price correlation, volatility and liquidity based on market data. The following tables provide additional information relating to those financial instruments measured at fair value on a recurring basis (in thousands):

| | Fair Value at December 31, 2019 | | | | |
|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total | Valuation Approach |
| Assets: | | | | | |
| Interest rate swaps | $ — | $ 44 | $ — | $ 44 | (c) |
| Liabilities: | | | | | |
| Foreign exchange contracts — hedging instruments | — | 401 | — | 401 | (c) |
| Foreign exchange contracts — non-hedging instruments | — | 601 | — | 601 | (c) |
| Total net liability | $ — | $ 958 | $ — | $ 958 | |

| | Fair Value at December 31, 2018 | | | | |
|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total | Valuation Approach |
| 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):

| | December 31, | | | |
|---|---|---|---|---|
| | 2019 | | 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) | 33,250 | 32,959 | — | — |
| Nordea Q5000 Loan (matures April 2020) | 89,286 | 89,398 | 125,000 | 122,500 |
| MARAD Debt (matures February 2027) | 63,610 | 68,643 | 70,468 | 74,406 |
| 2022 Notes (mature May 2022) | 125,000 | 134,225 | 125,000 | 114,298 |
| 2023 Notes (mature September 2023) | 125,000 | 162,188 | 125,000 | 114,688 |
| Total debt | $ 436,146 | $ 487,413 | $ 479,161 | $ 459,206 |

(1) Principal amount includes current maturities and excludes the related unamortized debt discount and debt issuance costs. See Note 8 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 estimated 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 21 — Derivative Instruments and Hedging Activities**

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 8). 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.

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 the 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). These changes are subsequently reclassified into earnings when the forecasted vessel charter payments are made and recorded as cost of sales. Changes in unrealized losses associated with the foreign currency exchange contracts that are not designated as cash flow hedges are reflected in "Other income (expense), net" in the accompanying consolidated statements of operations.

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

| | December 31, | | | |
|---|---|---|---|---|
| | 2019 | | 2018 | |
| | Balance Sheet Location | Fair Value | Balance Sheet Location | Fair Value |
| Asset Derivative Instruments: | | | | |
| Interest rate swaps | Other current assets | $ 44 | Other current assets | $ 863 |
| Interest rate swaps | Other assets, net | — | Other assets, net | 201 |
| | | $ 44 | | $ 1,064 |
| Liability Derivative Instruments: | | | | |
| Foreign exchange contracts | Accrued liabilities | $ 401 | Accrued liabilities | $ 5,857 |
| Foreign exchange contracts | Other non-current liabilities | — | Other non-current liabilities | 354 |
| | | $ 401 | | $ 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):

| | December 31, | | | |
|---|---|---|---|---|
| | 2019 | | 2018 | |
| | Balance Sheet Location | Fair Value | Balance Sheet Location | Fair Value |
| Liability Derivative Instruments: | | | | |
| Foreign exchange contracts | Accrued liabilities | $ 601 | Accrued liabilities | $ 3,454 |
| Foreign exchange contracts | Other non-current liabilities | — | Other non-current liabilities | 530 |
| | | $ 601 | | $ 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 consolidated statements of operations (in thousands). We estimate that as of December 31, 2019, $0.3 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 | | |
|---|---|---|---|
| | Year Ended December 31, | | |
| | 2019 | 2018 | 2017 |
| Foreign exchange contracts | $ (315) | $ (1,453) | $ 2,672 |
| Interest rate swaps | (365) | 606 | 651 |
| | $ (680) | $ (847) | $ 3,323 |

| | Location of Gain (Loss) Reclassified from Accumulated OCI into Earnings | Gain (Loss) Reclassified from Accumulated OCI into Earnings | | |
|---|---|---|---|---|
| | | Year Ended December 31, | | |
| | | 2019 | 2018 | 2017 |
| Foreign exchange contracts | Cost of sales | $ (6,125) | $ (7,709) | $ (12,300) |
| Interest rate swaps | Net interest expense | 655 | 508 | (615) |
| | | $ (5,470) | $ (7,201) | $ (12,915) |

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

| | Location of Gain (Loss) Recognized in Earnings | Gain (Loss) Recognized in Earnings | | |
|---|---|---|---|---|
| | | Year Ended December 31, | | |
| | | 2019 | 2018 | 2017 |
| Foreign exchange contracts | Other income (expense), net | $ (378) | $ (901) | $ 818 |
| | | $ (378) | $ (901) | $ 818 |

**Note 22 — Quarterly Financial Information (Unaudited)**

In addition to being affected by the timing of oil and gas company expenditures, offshore marine construction activities may fluctuate as a result of weather conditions. Historically, a substantial portion of our services has been performed during the summer and fall months. As a result, a disproportionate portion of our revenues and net income is earned during such periods. The following is a summary of consolidated quarterly financial information (in thousands, except per share amounts):

| | Quarter Ended | | | |
|---|---|---|---|---|
| | March 31, | June 30, | September 30, | December 31, |
| **2019** | | | | |
| Net revenues | $ 166,823 | $ 201,728 | $ 212,609 | $ 170,749 |
| Gross profit | 16,254 | 39,934 | 55,074 | 26,576 |
| Net income | 1,318 | 16,823 | 31,622 | 7,934 |
| Net income attributable to common shareholders | 1,318 | 16,854 | 31,695 | 8,052 |
| Basic earnings per common share | $ 0.01 | $ 0.11 | $ 0.21 | $ 0.05 |
| Diluted earnings per common share | $ 0.01 | $ 0.11 | $ 0.21 | $ 0.05 |
| **2018** | | | | |
| Net revenues | $ 164,262 | $ 204,625 | $ 212,575 | $ 158,356 |
| Gross profit | 12,983 | 42,897 | 51,993 | 13,811 |
| Net income (loss) | (2,560) | 17,784 | 27,121 | (13,747) |
| Net income (loss) attributable to common shareholders | (2,560) | 17,784 | 27,121 | (13,747) |
| Basic earnings (loss) per common share | $ (0.02) | $ 0.12 | $ 0.18 | $ (0.09) |
| Diluted earnings (loss) per common share | $ (0.02) | $ 0.12 | $ 0.18 | $ (0.09) |

**Item 9.** ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

**Item 9A.** ***Controls and Procedures***

(a) *Disclosure Controls and Procedures.* We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of December 31, 2019 to provide reasonable assurance that the information required to be disclosed in our reports 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, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

(b) *Management's Report on Internal Control over Financial Reporting.* Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. This process includes policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company, (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company, and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting at December 31, 2019. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework* (2013). Based on those criteria, management concluded that, as of December 31, 2019, our internal control over financial reporting was effective.

The effectiveness of our internal control over financial reporting as of December 31, 2019 has been audited by KPMG LLP, our independent registered public accounting firm, as stated in its report which appears in Item 8 of this Annual Report on Form 10-K.

(c) *Changes in Internal Control over Financial Reporting.* There were no changes in our internal control over financial reporting during the fourth quarter of fiscal 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Item 9B.** ***Other Information***

None.

## PART III

**Item 10.** ***Directors, Executive Officers and Corporate Governance***

Except as set forth below, the information required by this Item is incorporated by reference to our definitive Proxy Statement to be filed pursuant to Regulation 14A under the Exchange Act in connection with our 2020 Annual Meeting of Shareholders to be held on May 20, 2020. See also "Executive Officers of the Company" appearing in Part I of this Annual Report.

***Code of Ethics***

We have a *Code of Business Conduct and Ethics* for all of our directors, officers and employees as well as a *Code of Ethics for Chief Executive Officer and Senior Financial Officers* specific to those officers. Copies of these documents are available at our website www.HelixESG.com under *Corporate Governance*. Interested parties may also request a free copy of these documents from:

Helix Energy Solutions Group, Inc.
ATTN: Corporate Secretary
3505 W. Sam Houston Parkway N., Suite 400
Houston, Texas 77043

**Item 11.** ***Executive Compensation***

The information required by this Item is incorporated by reference to our definitive Proxy Statement to be filed pursuant to Regulation 14A under the Exchange Act in connection with our 2020 Annual Meeting of Shareholders to be held on May 20, 2020.

**Item 12.** ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

The information required by this Item is incorporated by reference to our definitive Proxy Statement to be filed pursuant to Regulation 14A under the Exchange Act in connection with our 2020 Annual Meeting of Shareholders to be held on May 20, 2020.

**Item 13.** ***Certain Relationships and Related Transactions, and Director Independence***

The information required by this Item is incorporated by reference to our definitive Proxy Statement to be filed pursuant to Regulation 14A under the Exchange Act in connection with our 2020 Annual Meeting of Shareholders to be held on May 20, 2020.

**Item 14.** ***Principal Accounting Fees and Services***

The information required by this Item is incorporated by reference to our definitive Proxy Statement to be filed pursuant to Regulation 14A under the Exchange Act in connection with our 2020 Annual Meeting of Shareholders to be held on May 20, 2020.

**PART IV**

**Item 15.** ***Exhibits and Financial Statement Schedules***

**(1)** ***Financial Statements***

The following financial statements included on pages 42 through 82 in this Annual Report are for the fiscal year ended December 31, 2019.

- Report of Independent Registered Public Accounting Firm
- Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting
- Consolidated Balance Sheets as of December 31, 2019 and 2018
- Consolidated Statements of Operations for the Years Ended December 31, 2019, 2018 and 2017
- Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2019, 2018 and 2017
- Consolidated Statements of Shareholders' Equity for the Years Ended December 31, 2019, 2018 and 2017
- Consolidated Statements of Cash Flows for the Years Ended December 31, 2019, 2018 and 2017
- Notes to Consolidated Financial Statements

All financial statement schedules are omitted because the information is not required or because the information required is in the financial statements or notes thereto.

**(2)** ***Exhibits***

The documents set forth below are filed or furnished herewith or incorporated by reference to the location indicated. Pursuant to Item 601(b)(4)(iii), the Registrant agrees to forward to the commission, upon request, a copy of any instrument with respect to long-term debt not exceeding 10% of the total assets of the Registrant and its consolidated subsidiaries.

| Exhibits | 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, as amended, of registrant. | 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, as amended. | Exhibit 3.1 to the Current Report on Form 8-K filed on September 28, 2006 (001-32936) |
| 4.1 | Description of Securities Registered Pursuant to Section 12(g) of the Exchange Act of 1934. | Filed Herewith |
| 4.2 | Form of Common Stock certificate. | Exhibit 4.7 to the Form 8-A filed on June 30, 2006 (001-32936) |
| 4.3 | Credit Agreement among Cal Dive I-Title XI, Inc., GOVCO Incorporated, Citibank N.A. and Citibank International LLC dated as of August 16, 2000. | Exhibit 4.4 to the 2001 Form 10-K filed on March 28, 2002 (000-22739) |
| 4.4 | Amendment No. 1 to Credit Agreement among Cal Dive I-Title XI, Inc., GOVCO Incorporated, Citibank N.A. and Citibank International LLC dated as of January 25, 2002. | Exhibit 4.9 to the 2002 Form 10-K/A filed on April 8, 2003 (000-22739) |
| 4.5 | Amendment No. 2 to Credit Agreement among Cal Dive I-Title XI, Inc., GOVCO Incorporated, Citibank N.A. and Citibank International LLC dated as of November 15, 2002. | Exhibit 4.4 to the Form S-3 filed on February 26, 2003 (333-103451) |
| 4.6 | Amendment No. 3 Credit Agreement among Cal Dive I-Title XI, Inc., GOVCO Incorporated, Citibank N.A. and Citibank International LLC dated as of July 31, 2003. | Exhibit 4.12 to the 2004 Form 10-K filed on March 16, 2005 (000-22739) |
| 4.7 | Amendment No. 4 to Credit Agreement among Cal Dive I-Title XI, Inc., GOVCO Incorporated, Citibank N.A. and Citibank International LLC dated as of December 15, 2004. | Exhibit 4.13 to the 2004 Form 10-K filed on March 16, 2005 (000-22739) |
| 4.8 | Trust Indenture, dated as of August 16, 2000, between Cal Dive I-Title XI, Inc. and Wilmington Trust, as Indenture Trustee. | Exhibit 4.1 to the Current Report on Form 8-K filed on October 6, 2005 (000-22739) |
| 4.9 | Supplement No. 1 to Trust Indenture, dated as of January 25, 2002, between Cal Dive I-Title XI, Inc. and Wilmington Trust, as Indenture Trustee. | Exhibit 4.2 to the Current Report on Form 8-K filed on October 6, 2005 (000-22739) |
| 4.10 | Supplement No. 2 to Trust Indenture, dated as of November 15, 2002, between Cal Dive I-Title XI, Inc. and Wilmington Trust, as Indenture Trustee. | Exhibit 4.3 to the Current Report on Form 8-K filed on October 6, 2005 (000-22739) |
| 4.11 | Supplement No. 3 to Trust Indenture, dated as of December 14, 2004, between Cal Dive I-Title XI, Inc. and Wilmington Trust, as Indenture Trustee. | Exhibit 4.4 to the Current Report on Form 8-K filed on October 6, 2005 (000-22739) |
| 4.12 | Supplement No. 4 to Trust Indenture, dated September 30, 2005, between Cal Dive I-Title XI, Inc. and Wilmington Trust, as Indenture Trustee. | Exhibit 4.5 to the Current Report on Form 8-K filed on October 6, 2005 (000-22739) |
| 4.13 | Form of United States Government Guaranteed Ship Financing Bonds, Q4000 Series 4.93% Sinking Fund Bonds Due February 1, 2027. | Exhibit A to Exhibit 4.5 to the Current Report on Form 8-K filed on October 6, 2005 (000-22739) |
| 4.14 | Form of Third Amended and Restated Promissory Note to United States of America. | Exhibit 4.7 to the Current Report on Form 8-K filed on October 6, 2005 (000-22739) |

| Exhibits | Description | Filed or Furnished Herewith or Incorporated by Reference from the Following Documents (Registration or File Number) |
|---|---|---|
| 4.15 | Indenture dated as of March 12, 2012 between Helix Energy Solutions Group, Inc. and The Bank of New York Mellon Trust Company, N.A., as Trustee. | Exhibit 4.1 to the Current Report on Form 8-K filed on March 12, 2012 (001-32936) |
| 4.16 | Credit Agreement dated June 19, 2013 by and among Helix Energy Solutions Group, Inc., as borrower, Bank of America, N.A., as administrative agent, swing line lender and letters of credit issuer, and other lender parties named thereto. | Exhibit 4.1 to the Current Report on Form 8-K filed on June 19, 2013 (001-32936) |
| 4.17 | Amendment No. 1 to the Credit Agreement, dated as of May 13, 2015, by and among Helix Energy Solutions Group, Inc. 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 May 14, 2015 (001-32936) |
| 4.18 | Amendment No. 2 to the Credit Agreement, dated as of January 19, 2016, by and among Helix Energy Solutions Group, Inc. 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 January 25, 2016 (001-32936) |
| 4.19 | Amendment No. 3 to the Credit Agreement, dated as of February 9, 2016, by and among Helix Energy Solutions Group, Inc. 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 February 11, 2016 (001-32936) |
| 4.20 | Amended and Restated Credit Agreement dated June 30, 2017, by and among Helix Energy Solutions Group, Inc. 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 30, 2017 (001-32936) |
| 4.21 | Amendment No. 1 to the Amendment and Restated Credit Agreement, dated as of January 18, 2019, by and among Helix Energy Solutions Group, Inc. 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 January 22, 2019 (001-32936) |
| 4.22 | 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) |
| 4.23 | Credit Agreement dated September 26, 2014, by and among Helix Q5000 Holdings S.à r.l., Helix Vessel Finance S.à r.l. and Nordea Bank Finland PLC, London Branch as administrative agent and collateral agent, together with the other lenders party thereto. | Exhibit 4.1 to the Current Report on Form 8-K filed on September 30, 2014 (001-32936) |
| 4.24 | Senior Debt Indenture, dated as of November 1, 2016, by and between Helix Energy Solutions Group, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee. | Exhibit 4.1 to the Current Report on Form 8-K filed on November 1, 2016 (001-32936) |
| 4.25 | First Supplemental Indenture, dated as of November 1, 2016, by and between Helix Energy Solutions Group, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee. | Exhibit 4.2 to the Current Report on Form 8-K filed on November 1, 2016 (001-32936) |
| 4.26 | Second Supplemental Indenture, dated as of March 20, 2018, by and between Helix Energy Solutions Group, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee. | Exhibit 4.2 to the Current Report on Form 8-K filed on March 21, 2018 (001-32936) |

| Exhibits | Description | Filed or Furnished Herewith or Incorporated by Reference from the Following Documents (Registration or File Number) |
|---|---|---|
| 10.1 * | 2009 Long-Term Incentive Cash Plan of Helix Energy Solutions Group, Inc. | Exhibit 10.1 to the Current Report on Form 8-K filed on January 6, 2009 (001-32936) |
| 10.2 * | Form of Award Letter related to the 2009 Long-Term Incentive Cash Plan. | Exhibit 10.2 to the Current Report on Form 8-K filed on January 6, 2009 (001-32936) |
| 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 * | Form of Performance Share Unit Award Agreement. | Exhibit 10.1 to the Current Report on Form 8-K filed on December 13, 2019 (001-32936) |
| 10.5 * | Form of Restricted Stock Award Agreement. | Exhibit 10.3 to the Current Report on Form 8-K filed on December 15, 2011 (001-32936) |
| 10.6 * | 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) |
| 10.7 * | Employment Agreement between Owen Kratz and the Company dated February 28, 1999. | Exhibit 10.5 to the 1998 Form 10-K filed on March 31, 1999 (000-22739) |
| 10.8 * | Employment Agreement between Owen Kratz and the Company dated November 17, 2008. | Exhibit 10.1 to the Current Report on Form 8-K filed on November 19, 2008 (001-32936) |
| 10.9 * | Employment Agreement between Alisa B. Johnson and the Company dated November 17, 2008. | Exhibit 10.3 to the Current Report on Form 8-K filed on November 19, 2008 (001-32936) |
| 10.10 * | Equity Compensation Agreement by and between Helix Energy Solutions Group, Inc. and Alisa Johnson dated May 1, 2019. | Exhibit 10.1 to the Quarterly Report on Form 10-Q filed on July 26, 2019 (001-32936) |
| 10.11 * | Employment Agreement between Anthony Tripodo and the Company dated June 25, 2008. | Exhibit 10.2 to the Current Report on Form 8-K filed on June 30, 2008 (001-32936) |
| 10.12 * | First Amendment to Employment Agreement between Anthony Tripodo and the Company dated November 17, 2008. | Exhibit 10.5 to the Current Report on Form 8-K filed on November 19, 2008 (001-32936) |
| 10.13 * | Employment Agreement by and between Helix Energy Solutions Group, Inc. and Scotty Sparks dated May 11, 2015. | Exhibit 10.1 to the Current Report on Form 8-K/A filed on May 12, 2015 (001-32936) |
| 10.14 * | Deferred Compensation Agreement by and between Helix Energy Solutions Group, Inc. and Scotty Sparks dated January 1, 2012. | Exhibit 10.2 to the Current Report on Form 8-K/A filed on May 12, 2015 (001-32936) |
| 10.15 * | Employment Agreement by and between Helix Energy Solutions Group, Inc. and Erik Staffeldt dated June 5, 2017. | Exhibit 10.1 to the Current Report on Form 8-K filed on June 5, 2017 (001-32936) |
| 10.16 * | Employment Agreement by and between Helix Energy Solutions Group, Inc. and Ken Neikirk dated May 1, 2019. | Exhibit 10.2 to the Quarterly Report on Form 10-Q filed on July 26, 2019 (001-32936) |
| 10.17 | Underwriting Agreement dated as of January 4, 2017, between Helix Energy Solutions Group, Inc. and Credit Suisse Securities (USA) LLC and Wells Fargo Securities, LLC, as representatives of the several underwriters named therein. | Exhibit 1.1 to the Current Report on Form 8-K filed on January 6, 2017 (001-32936) |
| 10.18 | Underwriting Agreement dated as of March 13, 2018, by and among Helix Energy Solutions Group, Inc., Wells Fargo Securities, LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated. | Exhibit 1.1 to the Current Report on Form 8-K filed on March 19, 2018 (001-32936) |

| Exhibits | Description | Filed or Furnished Herewith or Incorporated by Reference from the Following Documents (Registration or File Number) |
|---|---|---|
| 10.19 | Construction Contract dated as of September 11, 2013 between Helix Q7000 Vessel Holdings S.à r.l. and Jurong Shipyard Pte Ltd. | Exhibit 10.1 to the Current Report on Form 8-K filed on September 13, 2013 (001-32936) |
| 10.20 | Amendment No. 1, dated as of June 8, 2015, to Construction Contract between Helix Q7000 Vessel Holdings S.à r.l. and Jurong Shipyard Pte Ltd. | Exhibit 10.1 to the Current Report on Form 8-K filed on June 11, 2015 (001-32936) |
| 10.21 | Amendment No. 2, dated December 2, 2015, to Construction Contract between Helix Q7000 Vessel Holdings S.à r.l. and Jurong Shipyard Pte Ltd. | Exhibit 10.1 to the Current Report on Form 8-K filed on December 7, 2015 (001-32936) |
| 10.22 | Amendment No. 3, dated November 15, 2017, to Construction Contract between Helix Q7000 Vessel Holdings S.à r.l. and Jurong Shipyard Pte Ltd. | Exhibit 10.1 to the Current Report on Form 8-K filed on November 20, 2017 (001-32936) |
| 10.23 | Strategic Alliance Agreement dated January 5, 2015 among Helix Energy Solutions Group, Inc., OneSubsea LLC, OneSubsea B.V., Schlumberger Technology Corporation, Schlumberger B.V., and Schlumberger Oilfield Holdings Ltd. | Exhibit 10.1 to the Current Report on Form 8-K filed on January 6, 2015 (001-32936) |
| 14.1 | Code of Ethics for Chief Executive Officer and Senior Financial Officers. | Exhibit 14.1 to the Annual Report on Form 10-K filed on February 23, 2018 |
| 21.1 | List of Helix's Subsidiaries. | Filed herewith |
| 23.1 | Consent of KPMG LLP. | Filed herewith |
| 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. | Filed herewith |
| 101.SCH | XBRL Schema Document. | Filed herewith |
| 101.CAL | XBRL Calculation Linkbase Document. | Filed herewith |
| 101.DEF | XBRL Definition Linkbase Document. | Filed herewith |
| 101.LAB | XBRL Label Linkbase Document. | Filed herewith |
| 101.PRE | XBRL Presentation Linkbase Document. | Filed herewith |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document). | Contained in Exhibit 101 |

* Management contracts or compensatory plans or arrangements

**Item 16.** ***Form 10-K Summary***

None.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) 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.**

By: /s/ ERIK STAFFELDT
Erik Staffeldt
*Executive Vice President and*
*Chief Financial Officer*

February 27, 2020

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| Signature | Title | Date |
|---|---|---|
| /s/ OWEN KRATZ<br>Owen Kratz | President, Chief Executive Officer and Director<br>(principal executive officer) | February 27, 2020 |
| /s/ ERIK STAFFELDT<br>Erik Staffeldt | Executive Vice President and Chief Financial Officer<br>(principal financial officer and<br>principal accounting officer) | February 27, 2020 |
| /s/ AMERINO GATTI<br>Amerino Gatti | Director | February 27, 2020 |
| /s/ JOHN V. LOVOI<br>John V. Lovoi | Director | February 27, 2020 |
| /s/ AMY H. NELSON<br>Amy H. Nelson | Director | February 27, 2020 |
| /s/ NANCY K. QUINN<br>Nancy K. Quinn | Director | February 27, 2020 |
| /s/ JAN A. RASK<br>Jan A. Rask | Director | February 27, 2020 |
| /s/ WILLIAM L. TRANSIER<br>William L. Transier | Director | February 27, 2020 |
| /s/ JAMES A. WATT<br>James A. Watt | Director | February 27, 2020 |

**EXHIBIT 4.1**

**Description of Securities Registered Pursuant to**
**Section 12(g) of the Exchange Act of 1934**

As of February 27, 2020 Helix Energy Solutions Group, Inc. ("Helix") has three classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): (1) our common stock; (2) our convertible senior notes due 2022; and (3) our convertible senior notes due 2023.

## Description of Common Stock

*The following summary of the common stock of Helix does not purport to be complete, and is subject to and qualified in its entirety by reference to Helix's 2005 Amended and Restated Articles of Incorporation, as amended (our "Articles of Incorporation") and Helix's Second Amended and Restated By-Laws (our "By-Laws"). For a complete description of the terms and provisions of Helix's equity securities, including its common stock, refer to our Articles of Incorporation and By-Laws, each of which are incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.1 is a part. You are encouraged to read Helix's Articles of Incorporation, By-Laws and the applicable provisions of the Minnesota Business Corporations Act (the "MBCA") for additional information.*

### Authorized Capital Shares

Our Articles of Incorporation authorize the issuance of 240,000,000 shares of common stock, without par value (our "common stock"), and 5,000,000 shares of preferred stock with $0.01 par value. No shares of preferred stock are currently outstanding. All issued and outstanding shares of our common stock are validly issued, fully paid and nonassessable.

### Voting Rights

Holders of shares of our common stock are entitled to one vote per share with respect to each matter presented to Helix's shareholders on which the holders of our common stock are entitled to vote.

### Dividend Rights

Subject to the preferences applicable to outstanding shares of preferred stock (if any), the holders of shares of our common stock are entitled to receive ratably any dividends declared by Helix's board of directors out of funds legally available for that purpose.

### Liquidation Rights

In the event of Helix's liquidation, dissolution or winding up, holders of shares of our common stock will be entitled to receive any assets remaining after the payment of Helix's debts and other liabilities, subject to the preferences applicable to outstanding shares of preferred stock (if any).

### Other Rights and Preferences

The holders of shares of our common stock have no cumulative voting, pre-emptive, subscription or conversion rights and our common stock is not redeemable or entitled to the benefits of any sinking or repurchase fund.

### Listing

Our common stock is listed on the New York Stock Exchange under the symbol "HLX."

**Anti-Takeover and Other Provisions Contained in our Articles of Incorporation and By-Laws**

Our Articles of Incorporation and By-laws contain a number of provisions that could make the acquisition of Helix by means of a tender or exchange offer, a proxy contest or otherwise more difficult.

*Classified Board of Directors; Removal of Directors*

Helix's directors are currently divided into three classes, only one class of which is subject to re-election in any given year. The classification of directors could have the effect of making it more difficult for shareholders to change the composition of the board of directors. At least two annual meetings of shareholders generally will be required to effect a change in a majority of the board of directors.

Our Articles of Incorporation provide that Helix's directors may only be removed by the affirmative vote of the holders of 68% of the then-outstanding shares then entitled to vote at an election of directors.

*Advance Notice of Shareholder Business Proposals and Nominations*

Our By-laws provide an advance written notice requirement with respect to shareholder proposals of business at annual meetings and shareholder nominations of candidates for election as directors at annual or special meetings of the shareholders.

*Amendment of Certain Provisions of the Articles of Incorporation and By-Laws*

Our Articles of Incorporation provide that the affirmative vote of the holders of at least 80% of the then-outstanding shares of voting stock, voting together as a single class, and in addition to any other vote required by our Articles of Incorporation or By-laws, is required to amend provisions of our Articles of Incorporation or By-laws relating to:

- the right of shareholders to call a special meeting;
- the number, election and term of Helix's directors;
- the procedures for the removal of directors or filling vacancies of the board of directors; and
- fixing a quorum for meetings of shareholders.

Ninety percent of the voting power of the then-outstanding shares of voting stock, voting together as a single class, in addition to any other vote required by our Articles of Incorporation or By-laws, is required to amend the provisions of our Articles of Incorporation relating to Sections 302A.671 and 302A.673 of the MBCA.

## DESCRIPTION OF NOTES

*The following description of the convertible senior notes due 2022 (the "2022 Notes") and the convertible senior notes due 2023 (the "2023 Notes" and, together with the 2022 Notes, the "notes"), is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to the indenture dated as of November 1, 2016 (the "Base Indenture") between Helix and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), as amended and supplemented (i) in the case of the 2022 Notes by a first supplemental indenture, dated as of November 1, 2016 (the "First Supplemental Indenture" and, together with the Base Indenture, the "2022 Indenture"), between Helix and the Trustee and (ii) in the case of the 2023 Notes by a second supplemental indenture, dated as of March 20, 2018 (the "Second Supplemental Indenture" and, together with the Base Indenture, the "2023 Indenture"), between Helix and the Trustee (the Base Indenture, as supplemented by the First and Second Supplemental Indentures, the "indenture"), which are incorporated by reference as exhibits to the Annual Report on Form 10-K of which this Exhibit 4.1 is a part. The terms of the notes include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act").*

*You are encouraged to read the indenture for additional information.*

*For purposes of these descriptions, the terms "Helix," "Company," "we," "us" and "our" refer only to Helix Energy Solutions Group, Inc. and not to any of its subsidiaries, unless specified otherwise.*

## Description of the 2022 Notes

The 2022 Notes were issued pursuant to the 2022 Indenture between Helix and the Trustee.

The following summary of the terms of the 2022 Notes and the 2022 Indenture does not purport to be complete and is subject, and qualified in its entirety by reference, to the detailed provisions of the 2022 Notes and the 2022 Indenture.

### General

Helix issued $125.0 million aggregate principal amount of the 2022 Notes. The 2022 Notes bear interest at a rate of 4.25% per annum payable semi-annually in arrears on May 1 and November 1 of each year, beginning on May 1, 2017, to holders of record at the close of business on the preceding April 15 and October 15, respectively, except as described below.

The 2022 Notes:

- were issued in denominations of integral multiples of $1,000 principal amount;
- are unsecured indebtedness of Helix and are equal in right of payment to Helix's other senior unsecured indebtedness as described under "-Ranking";
- are redeemable by Helix under certain circumstances, at its option, at a price equal to 100% of the principal amount, plus accrued and unpaid interest and the make-whole premium, at any time after November 1, 2019, as described below under "-Optional Redemption";
- are convertible under certain circumstances and during specified time periods into shares of our common stock, cash, or a combination of cash and shares of our common stock, at Helix's election, as described below under "-Conversion Rights," at an initial conversion rate of 71.9748 shares of our common stock per $1,000 principal amount of 2022 Notes (which represents an initial conversion price of approximately $13.89 per share of our common stock); and
- are subject to repurchase by Helix at the option of the holder upon a fundamental change, as described under "-Holders May Require Helix to Repurchase Their 2022 Notes Upon A Fundamental Change," at a repurchase price in cash equal to 100% of the principal amount of the 2022 Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

The 2022 Notes mature on May 1, 2022.

All cash payments on the 2022 Notes will be made in U.S. dollars.

The 2022 Notes were issued in denominations of integral multiples of $1,000 principal amount, without coupons. The 2022 Notes were initially issued as global securities in book-entry form. Payments in respect of 2022 Notes represented by global securities are made by wire transfer of immediately available funds to The Depository Trust Company ("DTC") or its nominee as registered owner of the global securities. Payments in respect of 2022 Notes that are issued in certificated form are made by wire transfer of immediately available funds to the accounts specified by each holder of more than $5.0 million aggregate principal amount of the 2022 Notes. However, if a holder of a certificated note does not specify an account, or holds $5.0 million or less in aggregate principal amount of the 2022 Notes, then a check will be mailed to that holder's registered address.

Without the consent of the holders, the 2022 Indenture under which the 2022 Notes were issued may be reopened and additional notes issued with the same terms and with the same CUSIP number as the 2022 Notes in an unlimited aggregate principal amount, provided that no additional notes may be issued unless they are fungible with the 2022 Notes for United States federal income tax purposes. The 2022 Notes and any additional notes would be treated as a single class for all purposes under the 2022 Indenture and would vote together as one class on all matters with respect to the 2022 Notes.

The 2022 Notes may be (i) converted at the office of the conversion agent, (ii) presented for registration of transfer at the office of the registrar for the 2022 Notes and (iii) presented for payment at maturity at the office of the paying agent. The Trustee has been appointed as the initial conversion agent, registrar and paying agent for the 2022 Notes. There is no sinking fund for the 2022 Notes. The 2022 Indenture does not contain any financial covenants and does not limit Helix's ability to incur additional indebtedness, including senior or secured indebtedness, pay dividends or repurchase securities of Helix. In addition, the 2022 Indenture does not provide any protection to holders of 2022 Notes in the event of a highly leveraged transaction or a change in control, except as, and only to the limited extent, described under "-Conversion Rights-Adjustment to the Conversion Rate Upon the Occurrence of a Make-Whole Fundamental Change," "-Holders May Require Helix to Repurchase Their 2022 Notes Upon a Fundamental Change" and "-Consolidation, Merger and Sale of Assets."

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

**Ranking**

The 2022 Notes are unsecured senior obligations of Helix and rank equally with all other unsecured senior indebtedness of Helix. However, the 2022 Notes will be effectively subordinated to any Helix existing and future secured indebtedness. The 2022 Notes are effectively subordinated to all liabilities, including trade payables and lease obligations, of Helix's subsidiaries. Any right by Helix to receive the assets of any of its subsidiaries upon a liquidation or reorganization of that subsidiary, and the consequent right of the holders of the 2022 Notes to participate in those assets, is effectively subordinated to the claims of that subsidiary's creditors, except to the extent that Helix is recognized as a creditor of such subsidiary, in which case Helix's claims would still be subordinated to any security interests in the assets of such subsidiary and any indebtedness of such subsidiary that is senior to that held by Helix.

Helix's subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due on the 2022 Notes or to make any funds available for payment on the 2022 Notes, whether by dividends, loans or other payments. In addition, the payment of dividends and the making of loans and advances to Helix by its subsidiaries may be subject to statutory, contractual or other restrictions, may depend on their earnings or financial condition and are subject to various business considerations. As a result, Helix may be unable to gain access to the cash flow or assets of its subsidiaries.

The 2022 Indenture does not limit the amount of additional indebtedness, including senior or secured indebtedness, which Helix can create, incur, assume or guarantee, nor does the 2022 Indenture limit the amount of indebtedness or other liabilities that Helix's subsidiaries can create, incur, assume or guarantee.

**Interest Payments**

Interest on the 2022 Notes is paid at a rate of 4.25% per annum payable semi-annually in arrears on each May 1 and November 1 of each year, beginning on May 1, 2017. Except as described below, interest that is due on an interest payment date is paid to holders of record at the close of business on the preceding April 15 and October 15 (each, a "2022 Record Date"), respectively. Interest accrues on the 2022 Notes from, and including, November 1, 2016 or from, and including, the last date in respect of which interest has been paid or provided for, as the case may be, to, but excluding, the next interest payment date or maturity date, as the case may be. Interest on the 2022 Notes is paid on the basis of a 360-day year consisting of twelve 30-day months.

If 2022 Notes are converted after the close of business on a 2022 Record Date but prior to the open of business on the next interest payment date, holders of such 2022 Notes at the close of business on the 2022 Record Date will, on the corresponding interest payment date, receive the full amount of the interest payable on such 2022 Notes on that interest payment date notwithstanding the conversion. However, a holder who surrenders a note for conversion after the close of business on a 2022 Record Date but prior to the open of business on the next interest payment date must pay to the conversion agent, upon surrender, an amount equal to the full amount of interest payable on the corresponding interest payment date on the note so converted; provided that no such interest payment need be made to Helix:

- if the note is surrendered for conversion after the close of business on the 2022 Record Date immediately preceding the maturity date;
- if there is specified a redemption date or a repurchase date relating to a fundamental change that is after a 2022 Record Date and on or prior to the next interest payment date; or
- to the extent of any overdue interest, if any overdue interest exists at the time of conversion with respect to such note.

**Conversion Rights**

If the conditions for conversion of the 2022 Notes described under "-Conditions for Conversion" and "-Conversion Procedures" are satisfied, holders of 2022 Notes may, subject to prior maturity or repurchase, convert their 2022 Notes in integral multiples of $1,000 principal amount at an initial conversion rate of 71.9748 shares of our common stock per $1,000 principal amount of 2022 Notes (which represents an initial conversion price of approximately $13.89 per share of our common stock). The conversion rate, and thus the conversion price, will be subject to adjustment as described below. Except as described below, no payment or other adjustment on conversion with respect to any accrued interest on the 2022 Notes will be made, and no adjustment of the conversion rate to account for accrued and unpaid interest will be made. Instead, accrued interest will be deemed to be paid by the

consideration received by the holder upon conversion. As a result, accrued interest is deemed to be paid in full rather than canceled, extinguished or forfeited. Upon conversion of the 2022 Notes into a combination of cash and shares of our common stock, accrued and unpaid interest will be deemed to be paid first out of the cash paid upon such conversion.

Fractional shares will not be issued upon conversion of 2022 Notes. Instead, cash in lieu of fractional shares will be paid based on the closing sale price (as defined below) of our common stock on the conversion date (if solely our common stock is delivered to satisfy Helix's conversion obligation, other than solely cash in lieu of fractional shares, or if Helix has irrevocably elected full physical settlement) or the closing sale price of our common stock on the last trading day of the relevant cash settlement period (as defined below) (if cash is paid to satisfy a portion, but less than all, of Helix's conversion obligation, other than solely cash in lieu of any fractional share, or if Helix has irrevocably elected net share settlement upon conversion).

In certain circumstances, a holder must, upon conversion, pay interest if the conversion occurs after the close of business on a 2022 Record Date and prior to the open of business on the next interest payment date. See "-Interest Payments" above. A note for which a holder has delivered a fundamental change repurchase notice, as described below, requiring Helix to repurchase the note may be surrendered for conversion only if the holder withdraws the notice in accordance with the 2022 Indenture, unless Helix defaults in the payment of the fundamental change repurchase price.

If a holder's 2022 Notes are called for redemption, the holder may convert the 2022 Notes only until the close of business on the business day prior to the redemption date unless Helix fails to pay the redemption price. If a holder has already delivered a repurchase election with respect to a note as described under "-Holders May Require Helix to Repurchase Their 2022 Notes Upon A Fundamental Change," it may not surrender that note for conversion until it has withdrawn the repurchase election in accordance with the 2022 Indenture.

"Closing sale price" on any date means, as determined by Helix, the per share price of the referenced security on such date, determined (i) on the basis of the closing per share sale price (or if no closing per share sale price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask prices) on such date on the principal U.S. national or regional securities exchange on which shares of the referenced security are listed; or (ii) if shares of the referenced security are not listed on a U.S. national or regional securities exchange, as reported by Pink OTC Markets Inc. or a similar organization; provided, however, that in the absence of any such report or quotation, the closing sale price shall be the price determined by a nationally recognized independent investment banking firm retained by Helix for such purpose as most accurately reflecting the per share price that a fully informed buyer, acting on his own accord, would pay to a fully informed seller, acting on his own accord in an arms-length transaction, for a share of the referenced security.

The "trading price" of the 2022 Notes on any date of determination means the average of the secondary market bid quotations obtained by the bid solicitation agent for $5.0 million aggregate principal amount of the 2022 Notes at approximately 3:30 p.m., New York City time, on such determination date (the "determination date") from three independent nationally recognized securities dealers Helix selects, provided that if:

- three such bids cannot reasonably be obtained by the bid solicitation agent, but two such bids are obtained, then the average of the two bids shall be used, and
- only one such bid can reasonably be obtained by the bid solicitation agent, that one bid shall be used;

provided further if no bids are received or, in Helix's reasonable good faith judgment, the bid quotations are not indicative of the secondary market value of the 2022 Notes, then the trading price of the 2022 Notes on any date of determination will equal (1) the applicable conversion rate of the 2022 Notes as of the determination date multiplied by (2) the average last reported sale price (as defined below under "-Conditions for Conversion-Conversion upon satisfaction of the 2022 Trading Price Condition") of our common stock on the five trading days ending on the determination date.

Helix may appoint any bid solicitation agent and may change such bid solicitation agent. The bid solicitation agent may not be an affiliate of Helix.

"Trading day" means, with respect to the referenced security, a day during which (i) trading in the referenced security generally occurs, and (ii) a market disruption event has not occurred; provided that if the referenced security is not listed for trading or quotation on or by any exchange, bureau or other organization, "trading day" will mean any business day.

**Conditions for Conversion**

The 2022 Notes are convertible only during certain periods or in certain circumstances, which are described below. If the 2022 Notes become convertible, Helix will provide written notice to the Trustee, the conversion agent and each registered holder at its address appearing in the security register, and will publicly announce, through a reputable national newswire service, that the 2022 Notes have become convertible, stating, among other things:

- the event causing the 2022 Notes to become convertible;
- the time during which the 2022 Notes will be convertible as a result of that event;
- if that event is a transaction described under "-Conversion upon the occurrence of certain corporate transactions," the anticipated effective date of the transaction; and
- the procedures holders must follow to convert their 2022 Notes, including the name and address of the conversion agent.

Helix will mail the notice, and make the public announcement, as soon as practicable, but in no event later than the open of business on the business day following the date the 2022 Notes become convertible as a result of the event. Holders may surrender their 2022 Notes for conversion only in the following circumstances:

*Conversion based on price of shares of our common stock*

Prior to February 1, 2022, holders may surrender their 2022 Notes for conversion during any calendar quarter after the calendar quarter ending December 31, 2016 (and only during such calendar quarter), if the "closing sale price" of our common stock for each of 20 or more trading days (whether or not consecutive) in a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter exceeds 130% of the conversion price of the 2022 Notes (the "conversion trigger price") in effect on the last trading day of the immediately preceding calendar quarter.

Helix's board of directors will make appropriate adjustments to the closing sale price of our common stock, in its good faith determination, to account for any adjustment to the conversion rate that becomes effective, or any event requiring an adjustment to the conversion rate where the "ex-dividend date" of the event occurs, during the 30 consecutive trading day period described above.

*Conversion upon satisfaction of the 2022 Trading Price Condition*

Prior to February 1, 2022, holders may surrender their 2022 Notes for conversion during the five consecutive business days immediately after any five consecutive trading day period (the “2022 Note Measurement Period”) in which the trading price per $1,000 principal amount of the 2022 Notes, as determined following a request by a holder of 2022 Notes in accordance with the procedures described below, for each trading day in that 2022 Note Measurement Period was equal to or less than 97% of the conversion value of the 2022 Notes on such trading day (this condition is the “2022 Trading Price Condition”).

Solely for purposes of the 2022 Trading Price Condition, the “conversion value” per $1,000 principal amount of 2022 Notes on each trading day in the 2022 Note Measurement Period is the product of the closing sale price of our common stock and the conversion rate of the 2022 Notes in effect on that trading day.

The bid solicitation agent will have no obligation to determine the trading price of the 2022 Notes unless Helix has requested it to do so, and Helix will have no obligation to make such request unless a holder of at least $1.0 million aggregate principal amount of 2022 Notes provides Helix with reasonable evidence that the trading price per $1,000 principal amount of the 2022 Notes would be equal to or less than 97% of the conversion value of the 2022 Notes. At such time, Helix will instruct the bid solicitation agent to determine the trading price of the 2022 Notes for each of the next five trading days and on each succeeding trading day until the 2022 Trading Price Condition is no longer satisfied.

*Conversion upon notice of redemption*

If any or all of the 2022 Notes are called for redemption, a holder may convert any of its 2022 Notes at any time prior to the close of business on the business day immediately prior to the redemption date. Upon surrender by a holder of its 2022 Notes for conversion, Helix will pay or deliver, at its election, cash and/or shares of our common stock, if any, as described below under “-Settlement Elections.”

*Conversion upon the occurrence of certain corporate transactions*

If, prior to February 1, 2022:

- a “fundamental change,” as described under “-Holders May Require Helix to Repurchase Their 2022 Notes Upon A Fundamental Change,” or a “make-whole fundamental change,” as described under “-Adjustment to the Conversion Rate Upon the Occurrence of a Make-Whole Fundamental Change” occurs,

then a holder may surrender its 2022 Notes for conversion at any time during the period that begins on, and includes, the 30th business day before the date Helix originally announced as the anticipated effective date of the transaction and ends on, and includes, the 30th business day after the actual effective date of the transaction. In addition, if the transaction is a “make-whole fundamental change,” then the 2022 Notes may also be surrendered for conversion at any time during the “make-whole conversion period” described under “-Adjustment to the Conversion Rate Upon the Occurrence of a Make-Whole Fundamental Change,” and if the transaction is a “fundamental change,” then the 2022 Notes may also be surrendered for repurchase at any time until, and including, the fundamental change repurchase date for that fundamental change. Holders that convert their 2022 Notes in connection with a “make-whole fundamental change” may in some circumstances also be entitled to an increased conversion rate. See “-Adjustment to the Conversion Rate Upon the Occurrence of a Make-Whole Fundamental Change.” Helix will notify holders and the Trustee (i) as promptly as practicable following the date Helix publicly announces such transaction but in no event less than 30 business days prior to the anticipated effective date of such transaction or (ii) if Helix does not have knowledge of such transaction at least 30 business days prior to the anticipated effective date of such transaction, within one business day of the date upon which Helix receives notice, or otherwise becomes aware, of such transaction, but in no event later than the actual effective date of such transaction.

In addition, if Helix elects to:

- distribute to all or substantially all holders of our common stock any rights, options or warrants entitling them, for a period of not more than 60 days after the 2022 Record Date of such distribution, to purchase or subscribe for shares of our common stock at a price per share less than the average of the closing sale prices of our common stock over the 10 consecutive trading-day period ending on the trading day immediately preceding the ex-dividend date for such distribution; or

- distribute to all or substantially all holders of our common stock Helix's assets, debt securities or rights to purchase Helix's securities, which distribution has a per share value, as reasonably determined by Helix's board of directors, exceeding 10% of the closing sale price of our common stock on the trading day preceding the date of announcement for such distribution,

then Helix must mail to registered holders written notice of the action or event at least 30 business days before the ex-dividend date for such distribution. Once Helix has given such notice, holders may surrender their notes for conversion at any time until the earlier of 5:00 p.m., New York City time, on the business day immediately preceding the ex-dividend date and Helix's announcement that such distribution will not take place, even if the 2022 Notes are not otherwise convertible at such time.

*Conversion prior to the maturity date*

The 2022 Notes may be surrendered for conversion at any time from, and including, February 1, 2022 to, and including, the business day immediately preceding May 1, 2022, regardless of the foregoing conditions.

**Conversion Procedures**

To convert its note into shares of our common stock, cash or a combination of cash and shares of our common stock, as the case may be, a holder must:

- complete and manually sign the conversion notice on the back of the note or facsimile of the conversion notice and deliver this notice to the conversion agent;

- surrender the note to the conversion agent;

- if required, furnish appropriate endorsements and transfer documents;

- if required, pay funds equal to interest payable on the next interest payment date; and

- if required, pay all transfer or similar taxes.

The date a holder complies with these requirements is the "conversion date" under the 2022 Indenture. If a holder holds a beneficial interest in a global note, to convert such note, a holder must comply with the last two requirements listed above and comply with DTC's procedures for converting a beneficial interest in a global note. A holder receiving shares of our common stock upon conversion will not be entitled to any rights as a holder of our common stock, including, among other things, the right to vote and receive dividends and notices of shareholder meetings, until the close of business on the conversion date (if Helix delivers solely shares of our common stock in respect of Helix's conversion obligation, other than solely cash in lieu of fractional shares, or has irrevocably elected full physical settlement) or the close of business on the last trading day of the applicable cash settlement period (if Helix delivers cash in respect of a portion (but not all) of Helix's conversion obligation, other than solely cash in lieu of any fractional share, or has irrevocably elected net share settlement upon conversion).

**Settlement Elections**

Upon conversion of the 2022 Notes, Helix will pay or deliver, as the case may be, to holders, at its election, shares of our common stock (together with cash in lieu of any fractional share), cash or a combination of cash and shares of our common stock (together with cash in lieu of any fractional share) in satisfaction of its conversion obligation.

Helix will inform the holders through the Trustee of the method chosen to satisfy its obligation upon conversion (and the specified cash amount (as defined below), if applicable), as follows:

- in respect of 2022 Notes to be converted during the period beginning on, and including, the 22nd business day immediately preceding the maturity date for the 2022 Notes and ending on, and including, the business day immediately preceding such maturity date, no later than the 23rd business day immediately preceding the maturity date; and

- in all other cases, no later than two business days following the applicable conversion date.

If Helix does not give any notice within the time periods described as to how Helix intends to settle, and Helix has not made an irrevocable net share settlement election, Helix will satisfy its conversion obligation by delivering solely shares of our common stock (other than any cash in lieu of fractional shares).

Upon surrender of 2022 Notes for conversion, Helix will, subject to limitations imposed by the listing standards of the NYSE described under “-Settlement Upon Conversion” below, deliver cash, shares of our common stock or a combination thereof as described below under “-Settlement Upon Conversion.”

**Irrevocable Election of Net Share Settlement**

At any time on or prior to the 23rd business day immediately preceding the maturity date, Helix may irrevocably elect to satisfy its conversion obligation with respect to the 2022 Notes to be converted after the date of such election by delivering cash up to the aggregate principal amount of 2022 Notes to be converted, and shares of our common stock, cash or a combination thereof in respect of the remainder, if any, of its conversion obligation (a “net share settlement election”), which is in Helix’s sole discretion without the consent of the holders of 2022 Notes.

Upon making such election, Helix will promptly (i) issue a press release and use its reasonable best efforts to post such information on its website or otherwise publicly disclose this information and (ii) provide written notice to the holders of the 2022 Notes in a manner contemplated by the 2022 Indenture, including through the facilities of the DTC.

**Irrevocable Election of Full Physical Settlement**

At any time on or prior to the 23rd business day immediately preceding the maturity date, Helix may irrevocably elect to satisfy its conversion obligation with respect to the 2022 Notes to be converted after the date of such election by delivering solely shares of our common stock (other than solely cash in lieu of any fractional share) (a “full physical settlement election”), which is in Helix’s sole discretion without the consent of the holders of 2022 Notes.

Upon making such election, Helix will promptly (i) issue a press release and use its reasonable best efforts to post such information on its website or otherwise publicly disclose this information and (ii) provide written notice to the holders of the 2022 Notes in a manner contemplated by the 2022 Indenture, including through the facilities of the DTC.

**Cash Settlement Notices**

If Helix chooses to satisfy a portion (but not all) of its conversion obligation in cash, other than solely cash in lieu of any fractional share, or have irrevocably elected net share settlement upon conversion, Helix will notify holders as described above of the amount to be satisfied in cash as a fixed dollar amount per $1,000 principal amount of 2022 Notes (the “specified cash amount”). If Helix has previously irrevocably elected net share settlement upon conversion as described above, the specified cash amount must be at least $1,000. If Helix has made an irrevocable net share settlement election or chooses to satisfy a portion (but not all) of its conversion obligation in cash (other than solely cash in lieu of any fractional share), and Helix fails to timely notify converting holders of the specified cash amount, the specified cash amount will be deemed to be $1,000.

Helix will treat all converting holders with the same conversion date in the same manner. Except for any conversions that occur on or after the 22nd business day immediately preceding the maturity date, Helix will not, however, have any obligation to settle conversions occurring on different conversion dates in the same manner. That is, Helix may choose with respect to one conversion date to settle by delivering solely shares of our common stock and choose with respect to another conversion date to settle by paying cash or paying or delivering, as the case may be, a combination of cash and shares of our common stock.

**Settlement Upon Conversion**

If Helix elects to settle a conversion of 2022 Notes by delivering solely shares of our common stock (other than solely cash in lieu of fractional shares) or have irrevocably elected full physical settlement, such settlement will occur within three business days of the relevant conversion date.

Except in connection with certain make-whole fundamental changes described in the second bullet of the definition thereof, where the consideration is comprised entirely of cash as described under “-Adjustment to the Conversion Rate Upon the Occurrence of a Make-Whole Fundamental Change - The increase in the conversion rate,” settlements made entirely or partially in cash (other than solely cash in lieu of fractional shares) or following an irrevocable net share settlement election will occur on the third business day following the final trading day of the applicable cash settlement period.

The amount of cash and number of shares of our common stock, as the case may be, due upon conversion will be determined as follows:

(1) if Helix elects to satisfy the entire conversion obligation by delivering shares of our common stock or have irrevocably elected full physical settlement, Helix will deliver to the converting holder a number of shares of our common stock equal to (i) (A) the aggregate principal amount of 2022 Notes to be converted, divided by (B) $1,000, multiplied by (ii) the conversion rate in effect on the relevant conversion date (provided that Helix will deliver cash in lieu of fractional shares as described above);

(2) if Helix elects to satisfy the entire conversion obligation in cash, Helix will pay to the converting holder, for each $1,000 principal amount of 2022 Notes, cash in an amount equal to the sum of the daily conversion values for each of the 20 consecutive trading days in the relevant cash settlement period; and

(3) if Helix elects to satisfy the conversion obligation by paying or delivering, as the case may be, a combination of cash and shares of our common stock or has made an irrevocable net share settlement election, Helix will pay or deliver to the converting holder, for each $1,000 principal amount of 2022 Notes, cash and shares of our common stock, if any, equal to the sum of the daily settlement amounts for each of the 20 consecutive trading days in the relevant cash settlement period.

The “daily settlement amount” for each of the 20 consecutive trading days in the cash settlement period, will consist of:

- cash equal to the lesser of (i) the specified cash amount per note, divided by 20 (such quotient being referred to as the “daily measurement value”) and (ii) the daily conversion value; and

- to the extent the daily conversion value exceeds the daily measurement value, a number of shares of our common stock equal to (i) the difference between the daily conversion value and the daily measurement value, divided by (ii) the volume-weighted average price of our common stock on such trading day.

The “daily conversion value” means, for each of the 20 consecutive trading days in the cash settlement period, one-twentieth (1/20th) of the product of (i) the applicable conversion rate *and* (ii) the volume-weighted average price of our common stock on such trading day.

The “volume weighted average price” per share of our common stock on any trading day means such price as displayed on Bloomberg (or any successor service) page HLX <equity> AQR in respect of the period from 9:30 a.m. to 4:00 p.m., New York City time, on such trading day; or, if such price is not available, the volume weighted average price means the market value per share of our common stock on such day as determined by a nationally recognized independent investment banking firm retained for this purpose by Helix.

The “cash settlement period” means:

- with respect to any conversion date occurring on or after the 22nd business day immediately preceding the maturity date, the 20 consecutive trading day period beginning on, and including, the 22nd business day immediately preceding the maturity date; or

- in all other cases, the 20 consecutive trading day period beginning on, and including, the third business day immediately following the relevant conversion date.

“Market disruption event” means (i) a failure by the primary United States national or regional securities exchange or market on which shares of our common stock or the relevant securities are listed or admitted to trading to open for trading during its regular trading session or (ii) the occurrence or existence prior to 1:00 p.m., New York City time, on any scheduled trading day for shares of our common stock or the relevant securities for more than one half-hour period in the aggregate during regular trading hours of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant stock exchange or otherwise) in shares of our common stock (or the relevant securities) or in any options, contracts or future contracts relating to shares of our common stock (or the relevant securities).

“Scheduled trading day” means, with respect to the referenced security or any other security, a day that is scheduled to be a trading day on the primary United States national securities exchange or market on which the referenced security is listed or admitted for trading. If the referenced security is not so listed or admitted for trading, “scheduled trading day” means any business day.

**Adjustments to the Conversion Rate**

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

- If Helix issues shares of our common stock as a dividend or distribution on shares of our common stock, or if Helix effects a share split or share combination, the conversion rate will be adjusted based on the following formula:

$$CR' = CR_0 \times \frac{OS'}{OS_0}$$

where,

$CR_0$ = the conversion rate in effect immediately prior to the open of business on the ex-dividend date for such dividend or distribution, or the open of business on the effective date of such share split or share combination, as the case may be;

CR' = the conversion rate in effect immediately after the open of business on the ex-dividend date for such dividend or distribution, or the open of business on the effective date of such share split or share combination, as the case may be;

$OS_0$ = the number of shares of our common stock outstanding immediately prior to the open of business on the ex-dividend date for such dividend or distribution, or the open of business on the effective date of such share split or share combination, as the case may be; and

OS' = the number of shares of our common stock outstanding immediately after such dividend or distribution, or such share split or share combination, as the case may be.

Any adjustment made under this first bullet shall become effective immediately after the open of business on the ex-dividend date for such dividend or distribution, or immediately after the open of business on the effective date for such share split or share combination. If any dividend or distribution of the type described in this first bullet is declared but not so paid or made, or any share split or combination of the type described in this first bullet is announced but the outstanding shares of our common stock are not split or combined, as the case may be, the conversion rate shall be immediately readjusted, effective as of the date Helix's board of directors determines not to pay such dividend or distribution, or not to split or combine the outstanding shares of our common stock, as the case may be, to the conversion rate that would then be in effect if such dividend, distribution, share split or share combination had not been declared or announced.

- If Helix distributes to all or substantially all holders of our common stock any rights, options or warrants entitling them, for a period expiring not more than 60 days immediately following the 2022 Record Date of such distribution, to purchase or subscribe for shares of our common stock at a price per share less than the average of the closing sale prices of our common stock over the 10 consecutive trading-day period ending on the trading day immediately preceding the ex-dividend date for such distribution, the conversion rate will be increased based on the following formula:

$$CR' = CR_0 \times \frac{OS_0 + X}{OS_0 + Y}$$

where,

$CR_0$ = the conversion rate in effect immediately prior to the open of business on the ex-dividend date for such distribution;

CR' = the conversion rate in effect immediately after the open of business on the ex-dividend date for such distribution;

$OS_0$ = the number of shares of our common stock outstanding immediately prior to the open of business on the ex-dividend date for such distribution;

X = the total number of shares of our common stock issuable pursuant to such rights, options or warrants; and

Y = the number of shares of our common stock equal to the aggregate price payable to exercise such rights, options or warrants divided by the average of the closing sale prices of our common stock over the 10 consecutive trading-day period ending on the trading day immediately preceding the ex-dividend date for such distribution.

Any increase made under this second bullet will be made successively whenever any such rights, options or warrants are distributed and shall become effective immediately after the open of business on the ex-dividend date for such distribution. To the extent that shares of our common stock are not delivered after the expiration of such rights, options or warrants, the conversion rate shall be readjusted to the conversion rate that would then be in effect had the increase with respect to the distribution of such rights, options or warrants been made on the basis of delivery of only the number of shares of our common stock actually delivered. If such rights, options or warrants are not so distributed, the conversion rate shall be decreased to be the conversion rate that would then be in effect if such ex-dividend date for such distribution had not occurred.

In determining whether any rights, options or warrants entitle the holders to subscribe for or purchase shares of our common stock at less than such average of the closing sale prices for the 10 consecutive trading-day period ending on the trading day immediately preceding the ex-dividend date for such distribution, and in determining the aggregate offering price of such shares of our common stock, there shall be taken into account any consideration received by Helix for such rights, options or warrants and any amount payable on exercise or conversion thereof, the value of such consideration, if other than cash, to be determined by Helix's board of directors.

- If Helix distributes shares of its capital stock, evidences of its indebtedness or other assets, securities or property of Helix, to all or substantially all holders of our common stock, excluding:
    - dividends or distributions referred to in the first and second bullet points above;
    - dividends or distributions paid exclusively in cash referred to in the fourth bullet point below; and
    - spin-offs to which the provisions set forth in the latter portion of this bullet point shall apply,

  then the conversion rate will be increased based on the following formula:

$$CR' = CR_0 \times \frac{SP_0}{SP_0 - FMV}$$

where,

$CR_0$ = the conversion rate in effect immediately prior to the open of business on the ex-dividend date for such distribution;

CR' = the conversion rate in effect immediately after the open of business on the ex-dividend date for such distribution;

$SP_0$ = the average of the closing sale prices of our common stock over the 10 consecutive trading-day period ending on the trading day immediately preceding the ex-dividend date for such distribution; and

FMV = the fair market value (as determined by Helix's board of directors or a committee thereof) of the shares of capital stock, evidences of indebtedness, assets, securities or property distributable with respect to each outstanding share of our common stock on the ex-dividend date for such distribution.

If "FMV" (as defined above) is equal to or greater than the "$SP_0$" (as defined above), in lieu of the foregoing increase, each holder of a note shall receive, for each $1,000 principal amount of 2022 Notes, at the same time and upon the same terms as holders of our common stock, the amount and kind of Helix's capital stock, evidences of Helix's indebtedness, other assets, securities or property of Helix that such holder would have received as if such holder owned a number of shares of our common stock equal to the conversion rate in effect on the ex-dividend date for the distribution.

Any increase made under the portion of this third bullet point above will become effective immediately after the open of business on the ex-dividend date for such dividend or distribution. If such dividend or distribution is not so paid or made, the conversion rate shall be decreased to be the conversion rate that would then be in effect if such dividend or distribution had not been declared.

With respect to an adjustment pursuant to this third bullet point where there has been a payment of a dividend or other distribution on our common stock of shares of capital stock of any class or series, or similar equity interests, of or relating to a subsidiary or other business unit where such capital stock or similar equity interest is listed or quoted (or will be listed or quoted upon consummation of the spin-off (as defined below)) on a national securities exchange (a "spin-off"), the conversion rate in effect immediately before 5:00 p.m., New York City time, on the tenth trading day immediately following, and including, the ex-dividend date for the spin-off will be increased based on the following formula:

$$CR' = CR_0 \times \frac{FMV_0 + MP_0}{MP_0}$$

where,

$CR_0$ = the conversion rate in effect immediately prior to the close of business on the tenth trading day immediately following, and including, the ex-dividend date for the spin-off;

CR' = the conversion rate in effect immediately after the close of business on the tenth trading day immediately following, and including, the ex-dividend date for the spin-off;

$FMV_0$ = the average of the closing sale prices of the capital stock or similar equity interest distributed to holders of our common stock applicable to one share of our common stock over the 10 consecutive trading-day period immediately following, and including, the ex-dividend date for the spin-off; and

$MP_0$ = the average of the closing sale prices of our common stock over the 10 consecutive trading-day period immediately following, and including, the ex-dividend date for the spin-off.

The adjustment to the conversion rate under the preceding paragraph will occur at the close of business on the tenth trading day immediately following, and including, the ex-dividend date for the spin-off; provided that, for purposes of determining the conversion rate, in respect of any conversion during the 10 trading days following, and including, the effective date of any spin-off, references within the portion of this third bullet point related to "spin-offs" to 10 consecutive trading days shall be deemed replaced with such lesser number of consecutive trading days as have elapsed between the effective

date of such spin-off and the relevant conversion date. If the ex-dividend date for the spin-off is less than 10 trading days prior to, and including, the end of the cash settlement period in respect of any conversion, references with respect to 10 trading days shall be deemed replaced, for purposes of calculating the affected daily conversion rates in respect of that conversion, with such lesser number of trading days as have elapsed from, and including, the ex-dividend date for such spin-off to, and including, the last trading day of such cash settlement period.

- If any cash dividend or distribution is made to all or substantially all holders of our common stock, the conversion rate will be increased based on the following formula:

$$CR' = CR_0 \times \frac{SP_0}{SP_0 - C}$$

where,

$CR_0$ = the conversion rate in effect immediately prior to the open of business on the ex-dividend date for such dividend or distribution;

$CR'$ = the conversion rate in effect immediately after the open of business on the ex-dividend date for such dividend or distribution;

$SP_0$ = the average of the closing sale prices of our common stock over the 10 consecutive trading-day period immediately preceding the ex-dividend date for such dividend or distribution; and

C = the amount in cash per share of our common stock Helix distributes to holders of our common stock.

If “C” (as defined above) is equal to or greater than “$SP_0$” (as defined above), in lieu of the foregoing increase, each holder of a note shall receive, for each $1,000 principal amount of 2022 Notes, at the same time and upon the same terms as holders of our common stock, the amount of cash that such holder would have received as if such holder owned a number of shares of our common stock equal to the conversion rate on the ex-dividend date for such cash dividend or distribution. Such increase shall become effective immediately after the open of business on the ex-dividend date for such dividend or distribution. If such dividend or distribution is not so paid, the conversion rate shall be decreased to be the conversion rate that would then be in effect if such dividend or distribution had not been declared.

- If Helix or any of its subsidiaries makes a payment in respect of a tender offer or exchange offer for our common stock, if the cash and value of any other consideration included in the payment per share of our common stock exceeds the average of the closing sale prices of our common stock over the 10 consecutive trading-day period commencing on, and including, the trading day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer, the conversion rate will be increased based on the following formula:

$$CR' = CR_0 \times \frac{AC + (SP' \times OS')}{OS_0 \times SP'}$$

where,

$CR_0$ = the conversion rate in effect immediately prior to the close of business on the last trading day of the 10 consecutive trading-day period commencing on, and including, the trading day next succeeding the date such tender or exchange offer expires;

$CR'$ = the conversion rate in effect immediately after the close of business on the last trading day of the 10 consecutive trading-day period commencing on, and including, the trading day next succeeding the date such tender or exchange offer expires;

AC = the aggregate value of all cash and any other consideration (as determined by Helix's board of directors or a committee thereof) paid or payable for shares of our common stock purchased in such tender or exchange offer;

$OS_0$ = the number of shares of our common stock outstanding immediately prior to the date such tender or exchange offer expires;

OS' = the number of shares of our common stock outstanding immediately after the date such tender or exchange offer expires (after giving effect to such tender offer or exchange offer); and

SP' = the average of the closing sale prices of our common stock over the 10 consecutive trading-day period commencing on, and including, the trading day next succeeding the date such tender or exchange offer expires.

The increase to the conversion rate under the preceding paragraph will occur at the close of business on the tenth trading day immediately following, but excluding, the date such tender or exchange offer expires; provided that, for purposes of determining the conversion rate, in respect of any conversion during the 10 trading days immediately following, but excluding, the date that any such tender or exchange offer expires, references within this fifth bullet point to 10 consecutive trading days shall be deemed replaced with such lesser number of consecutive trading days as have elapsed between the date such tender or exchange offer expires and the relevant conversion date. If the trading day immediately following the date the tender or exchange offer expires is less than 10 trading days prior to, and including, the end of the cash settlement period in respect of any conversion, references to 10 trading days shall be deemed replaced, for purposes of calculating the affected daily conversion rates in respect of that conversion, with such lesser number of trading days as have elapsed from, and including, the trading day immediately following the date such tender or exchange offer expires to, and including, the last trading day of such cash settlement period.

Notwithstanding the foregoing, if a conversion rate adjustment becomes effective on any ex-dividend date as described above, and a holder converts its 2022 Notes on or after such ex-dividend date and on or prior to the related 2022 Record Date would be treated as the record holder of shares of our common stock as of the related conversion date as described under "-Conversion Procedures" based on an adjusted conversion rate for such ex-dividend date, then, notwithstanding the foregoing conversion rate adjustment provisions, the conversion rate adjustment relating to such ex-dividend date will not be made for such converting holder. Instead, such holder will be treated as if such holder were the record owner of the shares of our common stock on an un-adjusted basis and participate in the related dividend, distribution or other event giving rise to such adjustment.

The "ex-dividend date" is the first date on which our common stock trades on the applicable exchange or in the applicable market, regular way, without the right to receive the issuance, dividend or distribution in question from Helix or, if applicable, from the seller of our common stock on such exchange or market (in the form of due bills or otherwise) as determined by such exchange or market.

The 2022 Indenture does not require Helix to adjust the conversion rate for any of the transactions described in the bullet points above (other than for share splits or share combinations) if Helix makes provision for each holder of the 2022 Notes to participate in the transaction, at the same time as holders of our common stock participate, without conversion, as if such holder held a number of shares of our common stock equal to the conversion rate in effect on the "ex-dividend date" or effective date, as the case may be, for such transaction, multiplied by the principal amount (expressed in thousands) of 2022 Notes held by such holder.

If Helix issues rights, options or warrants that are only exercisable upon the occurrence of certain triggering events, then:

- the conversion rate pursuant to the bullet points above will not be adjusted until the earliest of these triggering events occurs; and
- the conversion rate will be readjusted to the extent any of these rights, options or warrants are not exercised before they expire.

The conversion rate will not be adjusted pursuant to the bullet points above unless the adjustment would result in a change of at least 1% in the then effective conversion rate. However, any adjustment that otherwise would have had to be made will be carried forward and taken into account in any subsequent adjustment. However, on December 31 of each year, and with respect to any 2022 Notes that are subject to conversion, all adjustments that Helix has otherwise deferred pursuant to this provision will be given effect, and those adjustments will no longer be carried forward and taken into account in any subsequent adjustment. Adjustments to the conversion rate will be calculated to the nearest 1/10,000th.

To the extent permitted by law and the continued listing requirements of the NYSE, Helix may, from time to time, increase the conversion rate by any amount for a period of at least 20 business days or any longer period permitted or required by law, so long as the increase is irrevocable during that period and Helix's board of directors determines that the increase is in Helix's best interests. Helix will mail a notice of the increase to the Trustee, the conversion agent and the registered holders at least 15 days before the day the increase commences. In addition, Helix may, but is not obligated to, increase the conversion rate as Helix determines to be advisable in order to avoid or diminish taxes to recipients of certain distributions.

To the extent that any future rights plan (i.e., a poison pill) adopted by Helix, is in effect, upon conversion of the 2022 Notes, holders of 2022 Notes will receive, in addition to any shares of our common stock that are otherwise due upon conversion, the rights under such future rights plan in respect of such shares of our common stock, unless the rights have separated from our common stock at the time of conversion, in which case the conversion rate will be adjusted at the time of separation as if Helix had distributed to all holders of our common stock, shares of Helix's capital stock, evidences of indebtedness, other assets, securities or property as described in the third bullet point under "-Adjustments to the Conversion Rate" above, subject to readjustment in the event of the expiration, termination or redemption of such rights.

In the event of:

- a taxable distribution to holders of shares of our common stock that results in an adjustment to the conversion rate; or
- an increase in the conversion rate at Helix's discretion,

the holders of the 2022 Notes may, in certain circumstances, be deemed to have received a distribution subject to U.S. federal income tax as a dividend. This generally would occur, for example, if Helix adjusts the conversion rate to compensate holders for cash dividends on our common stock and could also occur if Helix makes other distributions of cash or property to Helix's shareholders.

**Events That Will Not Result in Adjustment**

The conversion rate will not be adjusted:

- upon the issuance of any shares of our common stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on Helix's securities;

- upon the issuance of any shares of our common stock, restricted stock or restricted stock units, nonqualified stock options, incentive stock options or any other options or rights (including stock appreciation rights) to purchase shares of our common stock pursuant to any present or future employee, director or consultant benefit plan or program of, or assumed by, Helix or any of its subsidiaries;

- upon the issuance of any shares of our common stock pursuant to any option, warrant, right or exercisable, exchangeable or convertible security not described in the preceding bullet point and outstanding as of the date the 2022 Notes were first issued;

- for accrued and unpaid interest, if any;

- upon the repurchase of any shares of our common stock pursuant to an open-market share repurchase program or other buy-back transaction that is not a tender offer or exchange offer of the nature described in “-Conversion Rights-Adjustments to the Conversion Rate”; or

- for a change in the par value of shares of our common stock.

**Change in the Conversion Right Upon Certain Reclassifications, Business Combinations and Asset Sales**

If Helix:

- reclassifies our common stock (other than a change only in par value or a change as a result of a subdivision or combination of our common stock);

- is party to a consolidation, merger or binding share exchange; or

- sells, transfers, leases, conveys or otherwise disposes of all or substantially all of Helix’s consolidated property or assets;

in each case pursuant to which our common stock would be converted into or exchanged for, or would constitute solely the right to receive, cash, securities or other property, then, if a holder converts its 2022 Notes on or after the effective date of any such transaction, subject to Helix’s right to settle all or a portion of Helix’s conversion obligation with respect to such 2022 Notes in cash (other than solely cash in lieu of any fractional share) and Helix’s right to irrevocably elect net share settlement upon conversion as described above under “-Settlement Upon Conversion,” the 2022 Notes will be convertible into the same type (in the same proportions) of consideration received by holders of our common stock in the relevant event (the “reference property”). However, at and after the effective time of the transaction, (i) Helix will continue to have the right to determine the form of consideration to be paid or delivered, as the case may be, upon conversion of such 2022 Notes, as set forth under “-Settlement Elections” and (ii)(x) any amount payable in cash upon conversion of the 2022 Notes as set forth under “-Settlement Upon Conversion” will continue to be payable in cash, (y) any shares of our common stock that Helix would have been required to deliver upon conversion of the 2022 Notes as set forth under “-Settlement Upon Conversion” will instead be deliverable in the amount and type of reference property that a holder of that number of shares of our common stock would have received in such transaction and (z) the volume-weighted average price for purposes of the provisions set forth under “-Settlement Upon Conversion” above will be calculated based on the value of a unit of reference property that a holder of one share of our common stock would have received in such transaction. If the transaction causes our common stock to be converted into, or exchanged for, the right to receive more than a single type of consideration (determined based in part upon any form of shareholder election), the reference property into which the 2022 Notes will be convertible will be deemed to be the weighted average of the types and amounts of consideration received by the holders of our common stock that affirmatively make such an election. Helix will notify holders of the weighted average as soon as practicable after such determination is made. Helix will not become a party to any such transaction unless its terms are consistent with the foregoing.

A change in the conversion right such as this could substantially lessen or eliminate the value of the conversion right. For example, if a third party acquires Helix in a cash merger, each note would be convertible solely into cash and would no longer be potentially convertible into securities whose value could increase depending on Helix's future financial performance, prospects and other factors. There is no precise, established definition of the phrase "all or substantially all of Helix's consolidated property or assets" under applicable law. Accordingly, there may be uncertainty as to whether the provisions above would apply to a sale, transfer, lease, conveyance or other disposition of less than all of Helix's consolidated property or assets.

**Adjustment to the Conversion Rate Upon the Occurrence of a Make-Whole Fundamental Change**

If, prior to the maturity date:

- there occurs a sale, transfer, lease, conveyance or other disposition of all or substantially all of Helix's consolidated property or assets to any "person" or "group" (as those terms are used in Sections 13(d) and 14(d) of the Exchange Act, including any group acting for the purpose of acquiring, holding, voting or disposing of securities within the meaning of Rule 13d-5(b)(1) under the Exchange Act; or

- there occurs any transaction or series of related transactions (other than consolidation or merger that constitutes a "listed stock business combination" as described under "-Holders May Require Helix to Repurchase Their 2022 Notes Upon A Fundamental Change"), in connection with which (whether by means of an exchange offer, liquidation, tender offer, consolidation, merger, combination, reclassification, recapitalization, asset sale, lease of assets or otherwise) all of our common stock is exchanged for, converted into, acquired for or constitutes solely the right to receive other securities, other property, assets or cash (such transaction described in this and the immediately preceding bullet point is a "make-whole fundamental change");

then, as described below under "-The increase in the conversion rate," Helix will increase the conversion rate applicable to 2022 Notes that are surrendered for conversion at any time from, and including, the effective date of the make-whole fundamental change to, and including, the 30th business day after the actual effective date of the make-whole fundamental change (or, if the make-whole fundamental change also constitutes a "fundamental change," as described under "-Holders May Require Helix to Repurchase Their 2022 Notes Upon A Fundamental Change," to, and including, the fundamental change repurchase date for that fundamental change) (the "make-whole conversion period").

Helix will mail to the Trustee, the conversion agent and the registered holders, at their addresses appearing in the security register, notice of, and will publicly announce, through a reputable national newswire service, the anticipated effective date of any proposed make-whole fundamental change. Helix must make this mailing and announcement at least 30 business days before the anticipated effective date of the make-whole fundamental change. In addition, no later than the third business day after the completion of the make-whole fundamental change, Helix will deliver an additional notice and announcement announcing such completion.

***The increase in the conversion rate***

In connection with the make-whole fundamental change, Helix will increase the conversion rate by reference to the table below, based on the date when the make-whole fundamental change becomes effective (the "effective date," and the "applicable price"). If the make-whole fundamental change is a transaction or series of related transactions described in the second bullet point under "-Adjustment to the Conversion Rate Upon the Occurrence of a Make-Whole Fundamental Change," and the consideration (excluding cash payments for fractional shares or pursuant to statutory appraisal rights) for shares of our common stock in the make-whole fundamental change consists solely of cash, then the

“applicable price” will be the cash amount paid per share of our common stock in the make-whole fundamental change. In all other cases, the “applicable price” will be the average of the closing sale prices of our common stock for the five consecutive trading days immediately preceding, but excluding, the relevant effective date. Helix’s board of directors will make appropriate adjustments, in its good faith determination, to account for any adjustment to the conversion rate that becomes effective, or any event requiring an adjustment to the conversion rate where the “ex-dividend date” of the event occurs, at any time during those five consecutive trading days.

Upon surrender of 2022 Notes for conversion in connection with a make-whole fundamental change, Helix will, at its option, satisfy its conversion obligation by delivering or paying, as the case may be, shares of our common stock (together with cash in lieu of any fractional share), cash or a combination of cash and shares of our common stock (together with cash in lieu of any fractional share) as described under “-Settlement Elections.” However, if the consideration for our common stock in any make-whole fundamental change described in the second bullet of the definition of make-whole fundamental change is comprised entirely of cash, for any conversion of 2022 Notes following the effective date of such make-whole fundamental change, the conversion obligation will be calculated based solely on the applicable price for the transaction and will be deemed to be an amount equal to, per $1,000 principal amount of converted 2022 Notes, the applicable conversion rate (including any adjustment as described in this section), multiplied by such applicable price. In such event, the cash due upon conversion will be determined and paid to holders in cash on the third business day following the conversion date.

The following table sets forth the number of additional shares per $1,000 principal amount of 2022 Notes that will be added to the conversion rate applicable to the 2022 Notes that are converted during the make-whole conversion period. The increased conversion rate will be used to determine the number of shares of our common stock and/or amount of cash, if any, due upon conversion, as described under “-Settlement Upon Conversion” above. If an event occurs that requires an adjustment to the conversion rate, Helix will, on the date it must adjust the conversion rate, adjust each applicable price set forth in the first column of the table below at the same time the conversion rate is so adjusted by multiplying the applicable price in effect immediately before the adjustment by a fraction:

- whose numerator is the conversion rate in effect immediately before the adjustment; and
- whose denominator is the adjusted conversion rate.

In addition, the number of additional shares in the table below will be adjusted at the same time, in the same manner in which, and for the same events for which, the conversion rate as described under “-Adjustments to the Conversion Rate” is adjusted.

| | Applicable Stock Price | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Effective Date** | **$9.75** | **$10.00** | **$11.00** | **$12.00** | **$13.00** | **$14.00** | **$15.00** | **$17.50** | **$20.00** | **$22.50** | **$25.00** | **$27.50** | **$30.00** | **$35.00** | **$40.00** | **$45.00** |
| November 1, 2016 | 30.5887 | 29.2110 | 24.4927 | 20.7758 | 17.8054 | 15.4007 | 13.4320 | 9.8549 | 7.5235 | 5.9373 | 4.8180 | 4.0015 | 3.3863 | 2.5317 | 1.9678 | 0.0000 |
| November 1, 2017 | 30.5887 | 28.5400 | 23.5891 | 19.6992 | 16.5969 | 14.0936 | 12.0560 | 8.4046 | 6.1015 | 4.6058 | 3.6064 | 2.9178 | 2.4267 | 1.7880 | 1.3933 | 0.0000 |
| November 1, 2018 | 30.5887 | 28.0350 | 22.8555 | 18.7925 | 15.5400 | 12.8914 | 10.7100 | 6.7531 | 4.3170 | 2.8791 | 2.0488 | 1.5622 | 1.2617 | 0.9237 | 0.7335 | 0.0000 |
| November 1, 2019 | 30.5887 | 27.3200 | 21.8836 | 17.7750 | 14.6377 | 12.2179 | 10.3340 | 6.7531 | 4.3170 | 2.8791 | 2.0488 | 1.5622 | 1.2617 | 0.9237 | 0.7335 | 0.0000 |
| November 1, 2020 | 30.5887 | 26.4310 | 20.2282 | 15.6200 | 12.1992 | 9.6579 | 7.7673 | 4.8583 | 3.3785 | 2.5627 | 2.0488 | 1.5622 | 1.2617 | 0.9237 | 0.7335 | 0.0000 |
| November 1, 2021 | 30.5887 | 26.4310 | 18.5564 | 12.6367 | 8.3908 | 5.5307 | 3.7220 | 1.6829 | 1.0230 | 0.7520 | 0.6136 | 0.5265 | 0.4633 | 0.3714 | 0.3053 | 0.0000 |
| May 1, 2022 | 30.5887 | 26.4310 | 18.5564 | 11.3583 | 4.9485 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |

The exact applicable price and effective date may not be as set forth in the table above, in which case:

- if the actual applicable price is between two applicable prices listed in the table above, or the actual effective date is between two effective dates listed in the table above, Helix will determine the number of additional shares by linear interpolation between the numbers of additional shares set forth for the higher and lower applicable prices, or for the earlier and later effective dates based on a 365-day year, as applicable;

- if the actual applicable price is greater than $45.00 per share (subject to adjustment in the same manner as the “applicable prices” in the table above), Helix will not increase the conversion rate; and

- if the actual applicable price is less than $9.75 per share (subject to adjustment in the same manner as the “applicable prices” in the table above), Helix will not increase the conversion rate.

However, the conversion rate as described above will not be increased to the extent the increase will cause the conversion rate to exceed 102.5635 shares per $1,000 principal amount of 2022 Notes. This maximum conversion rate will be adjusted in the same manner in which, and for the same events for which, the conversion rate must be adjusted as described under “-Adjustments to the Conversion Rate.”

Helix’s obligation to increase the conversion rate as described above could be considered a penalty, in which case its enforceability would be subject to general principles of reasonableness of economic remedies.

**Optional Redemption**

Prior to November 1, 2019, the 2022 Notes were not redeemable. On or after November 1, 2019, Helix may, at its option, redeem (a “conversion price trigger redemption”) some or all of the 2022 Notes, if the closing sale price of our common stock has been at least 130% of the conversion price then in effect on (x) the trading day immediately preceding the date on which Helix provides a redemption notice and (y) for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which Helix provides such redemption notice. The redemption price for each $1,000 principal amount of 2022 Notes to be redeemed (the “conversion price trigger redemption price”) shall be payable in cash and shall be equal to the sum of (i) 100% of the principal amount of the 2022 Notes to be redeemed, plus (ii) accrued and unpaid interest, if any, to, but excluding, the redemption date, plus (iii) the make-whole premium (as defined below). Helix must make these make-whole premium payments on all 2022 Notes called for redemption prior to May 1, 2022, including 2022 Notes subject to redemption that are converted after the date Helix delivered the notice of redemption.

The “make-whole premium” means, in respect of any 2022 Notes called for a conversion price trigger redemption, the amount equal to the present value of the remaining scheduled payments of interest that would have been made on such 2022 Notes to be redeemed had such 2022 Notes remained outstanding from the relevant redemption date to May 1, 2022 (excluding interest accrued to, but excluding, such redemption date, which shall otherwise be payable pursuant to clause (ii) of the definition of conversion price trigger redemption price set forth above), with such present value of the remaining interest payments computed using a discount rate per annum equal to the reference discount rate (as defined below) plus 50 basis points.

The “reference discount rate” means, in respect of any make-whole premium, the yield to maturity of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to such date (or, if such Statistical Release is no longer published, any publicly available

source of similar market data)) most nearly equal to the period from the redemption date for the relevant conversion price trigger redemption to the maturity date; provided, however, that if the period from such redemption date to the maturity date is less than one year, the weekly average yield on actively traded United States Treasury securities adjusted to a constant maturity of one year will be used. Any such reference discount rate shall be obtained by Helix.

The make-whole premium will be paid on all 2022 Notes called for any conversion price trigger redemption on or after November 1, 2019.

If the redemption date occurs after a 2022 Record Date and on or prior to the immediately succeeding interest payment date, (i) accrued and unpaid interest shall be paid on such interest payment date to the record holder on the relevant 2022 Record Date, (ii) the redemption price will not include any accrued and unpaid interest, and (iii) the make-whole premium shall equal the present value of all remaining scheduled payments of interest on such 2022 Notes, starting with the next interest payment date for which interest has not been provided for (but otherwise calculated as described in the definition of make-whole premium).

Not less than 30 but no more than 60 days' notice of redemption will be provided by mail to each registered holder of 2022 Notes to be redeemed. If the redemption notice is given and funds are deposited as required, then interest will cease to accrue on and after the redemption date on those 2022 Notes or portions of 2022 Notes called for redemption.

Once the 2022 Notes have been called for redemption, 2022 Notes or portions of 2022 Notes will be convertible by the holder until the close of business on the business day prior to the redemption date.

If Helix decides to redeem fewer than all of the outstanding 2022 Notes, the Trustee will select the 2022 Notes to be redeemed (in principal amounts of $1,000 or integral multiples thereof) by lot, on a pro rata basis or by another method the Trustee considers fair and appropriate. If the Trustee selects a portion of a holder's 2022 Notes for partial redemption and the holder converts a portion of its 2022 Notes, the converted portion will be deemed to be from the portion selected for redemption.

Helix may not redeem the 2022 Notes if it has failed to pay any interest on the 2022 Notes when due and such failure to pay is continuing.

**Holders May Require Helix to Repurchase Their 2022 Notes Upon A Fundamental Change**

If a "fundamental change," as described below, occurs, each holder will have the right, at its option, subject to the terms and conditions of the 2022 Indenture, to require Helix to repurchase for cash all or any portion of the holder's 2022 Notes in integral multiples of $1,000 principal amount, at a price equal to 100% of the principal amount of the 2022 Notes to be repurchased, plus, except as described below, any accrued and unpaid interest, if any, to, but excluding, the "fundamental change repurchase date," as described below. However, if the fundamental change repurchase date is after a 2022 Record Date for the payment of an installment of interest and on or before the related interest payment date, then the full amount of interest due on that interest payment date will be payable, on that interest payment date, to the holder of record at the close of business on the 2022 Record Date, and the fundamental change repurchase price will not include any accrued and unpaid interest.

Helix must repurchase the 2022 Notes on a date of its choosing (the "fundamental change repurchase date"). However, the fundamental change repurchase date shall be no later than 35 days, and no earlier than 20 days, after the date Helix mails the relevant notice of the fundamental change, as described below.

Within 20 business days after the occurrence of a fundamental change, Helix must mail to all registered holders of 2022 Notes at their addresses shown on the register of the registrar, and to beneficial owners as required by applicable law, a notice regarding the fundamental change. The notice must state, among other things:

- the events causing the fundamental change;
- the date of the fundamental change;
- the fundamental change repurchase date;
- the last date on which a holder may exercise its fundamental change repurchase right, which will be the business day immediately preceding the fundamental change repurchase date;
- the fundamental change repurchase price;
- the names and addresses of the paying agent and the conversion agent;
- the procedures that a holder must follow to exercise its fundamental change repurchase right;
- the conversion rate and any adjustments to the conversion rate that will result from the fundamental change; and
- that 2022 Notes with respect to which a holder has delivered a fundamental change repurchase notice may be converted, if otherwise convertible, only if the holder withdraws the fundamental change repurchase notice in accordance with the terms of the 2022 Indenture.

To exercise the repurchase right, a holder must deliver a written fundamental change repurchase notice to the paying agent no later than the close of business on the business day immediately preceding the fundamental change repurchase date. This written notice must state:

- the certificate numbers of the 2022 Notes that the holder will deliver for repurchase, if they are in certificated form;
- the principal amount of the 2022 Notes to be repurchased, which must be an integral multiple of $1,000; and
- that the 2022 Notes are to be repurchased by Helix pursuant to the fundamental change provisions of the 2022 Indenture.

A holder may withdraw any fundamental change repurchase notice by delivering to the paying agent a written notice of withdrawal prior to the close of business on the business day immediately preceding the fundamental change repurchase date. The notice of withdrawal must state:

- the name of the holder;
- a statement that the holder is withdrawing its election to require Helix to repurchase its 2022 Notes;
- the certificate numbers of the 2022 Notes being withdrawn, if they are in certificated form;
- the principal amount of 2022 Notes being withdrawn, which must be an integral multiple of $1,000; and
- the principal amount, if any, of the 2022 Notes that remain subject to the fundamental change repurchase notice, which must be an integral multiple of $1,000.

If the 2022 Notes are not in certificated form, the above notices must comply with appropriate DTC procedures.

Helix will pay the fundamental change repurchase price no later than the later of the fundamental change repurchase date and the time of book-entry transfer or delivery of the note, together with necessary endorsements.

If the paying agent holds on the fundamental change repurchase date money sufficient to pay the fundamental change repurchase price due on all 2022 Notes surrendered for repurchase in accordance with the terms of the 2022 Indenture, then, on and after the fundamental change repurchase date, such 2022 Notes will cease to be outstanding and interest on such 2022 Notes will cease to accrue, whether or not the book-entry transfer of the 2022 Notes is made or whether or not the holder delivers the 2022 Notes to the paying agent. Thereafter, all other rights of the relevant holders terminate, other than the right to receive the fundamental change repurchase price upon book-entry transfer or delivery of the note.

A “fundamental change” will be deemed to occur upon the occurrence of a “change of control” or a “termination of trading.”

A “change of control” generally will be deemed to occur at such time as:

- any “person” or “group” (as those terms are used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the “beneficial owner” (as that term is used in Rule 13d-3 under the Exchange Act), directly or indirectly, of 50% or more of the total outstanding voting power of all classes of Helix’s capital stock entitled to vote generally in the election of directors (“voting stock”);
- there occurs a sale, transfer, lease, conveyance or other disposition of all or substantially all of Helix’s consolidated property or assets to any “person” or “group” (as those terms are used in Sections 13(d) and 14(d) of the Exchange Act), including any group acting for the purpose of acquiring, holding, voting or disposing of securities within the meaning of Rule 13d-5(b)(1) under the Exchange Act;
- Helix consolidates with, or merges with or into, another person or any person consolidates with, or merges with or into, Helix, unless either:
- the persons that “beneficially owned,” directly or indirectly, the shares of Helix voting stock immediately prior to such consolidation or merger “beneficially own,” directly or indirectly, immediately after such consolidation or merger, shares of the surviving or continuing corporation’s voting stock representing at least a majority of the total outstanding voting power of all outstanding classes of voting stock of the surviving or continuing corporation in substantially the same proportion as such ownership immediately prior to such consolidation or merger; or
- both of the following conditions are satisfied (such a transaction is a “listed stock business combination”):
  - at least 90% of the consideration (other than cash payments for fractional shares or pursuant to statutory appraisal rights) in such consolidation or merger consists of common stock and any associated rights listed and traded on NYSE, The NASDAQ Global Select Market or The NASDAQ Global Market (or any of their respective successors) (or which will be so listed and traded when issued or exchanged in connection with such consolidation or merger); and

- as a result of such consolidation or merger, the 2022 Notes become convertible solely into such consideration (subject to Helix's right to deliver cash in respect of all or a portion of its conversion obligation as described above under "Conversion Rights-Settlement Upon Conversion");

- the following persons (the "continuing directors") cease for any reason to constitute a majority of Helix's board of directors:
  - individuals who on the first issue date of the 2022 Notes constituted Helix's board of directors; and
  - any new directors whose election to Helix's board of directors or whose nomination for election by Helix's shareholders was approved by at least a majority of Helix's directors then still in office, or by a nominating committee thereof consisting of directors, either who were directors on such first issue date of the 2022 Notes or whose election or nomination for election was previously so approved; or

- Helix is liquidated or dissolved or holders of Helix's capital stock approve any plan or proposal for Helix's liquidation or dissolution.

There is no precise, established definition of the phrase "all or substantially all of Helix's consolidated property or assets" under applicable law. Accordingly, there may be uncertainty as to whether a sale, transfer, lease, conveyance or other disposition of less than all of Helix's consolidated property or assets would permit a holder to exercise its right to have Helix repurchase its 2022 Notes in accordance with the fundamental change provisions described above.

A "termination of trading" is deemed to occur if shares of our common stock (or other common stock into which the 2022 Notes are then convertible (subject to Helix's right to deliver cash in respect of all or a portion of Helix's conversion obligation as described above under "Conversion Rights-Settlement Upon Conversion")) are not listed for trading on NYSE, The NASDAQ Global Select Market or The NASDAQ Global Market (or any of their respective successors).

Helix may not have the financial resources, and may not be able to arrange for financing, to pay the fundamental change repurchase price for all 2022 Notes holders have elected to have Helix repurchase. Furthermore, the terms of Helix's existing or future indebtedness may limit Helix's ability to pay the repurchase price to repurchase 2022 Notes. Helix's failure to repurchase the 2022 Notes when required would result in an event of default with respect to the 2022 Notes. The exercise by holders of the 2022 Notes of their right to require Helix to repurchase their 2022 Notes upon a fundamental change could cause a default under Helix's other outstanding indebtedness, even if the fundamental change itself does not.

Furthermore, holders may not be entitled to require Helix to repurchase their 2022 Notes in certain circumstances involving a significant change in the composition of Helix's board of directors, including in connection with a proxy contest where Helix's board does not endorse a dissident slate of directors but approves them for purposes of the definition of "continuing directors" above.

Helix may in the future enter into transactions, including recapitalizations, that would not constitute a fundamental change but that would increase Helix's debt or otherwise adversely affect holders. The 2022 Indenture for the 2022 Notes does not restrict Helix's or its subsidiaries' ability to incur indebtedness, including senior or secured indebtedness. Helix's incurrence of additional indebtedness could adversely affect its ability to service its indebtedness, including the 2022 Notes.

In addition, the fundamental change repurchase feature of the 2022 Notes would not necessarily afford holders of the 2022 Notes protection in the event of highly leveraged or other transactions involving Helix that may adversely affect holders of the 2022 Notes. Furthermore, the fundamental change repurchase feature of the 2022 Notes may in certain circumstances deter or discourage a third party from acquiring Helix, even if the acquisition may be beneficial to holders of the 2022 Notes.

In connection with any fundamental change offer, Helix will, to the extent applicable:

- comply with the provisions of Rule 13e-4 and Regulation 14E and all other applicable laws;
- file a Schedule TO or any other required schedule under the Exchange Act or other applicable laws; and
- otherwise comply with all applicable federal and state securities laws in connection with any offer by Helix to purchase the 2022 Notes.

No 2022 Notes may be repurchased by Helix at the option of the holders upon a fundamental change if the principal amount of the 2022 Notes has been accelerated, and such acceleration has not been rescinded, on or prior to such date.

**Consolidation, Merger and Sale of Assets**

The 2022 Indenture prohibits Helix from consolidating with or merging with or into, or selling, transferring, leasing, conveying or otherwise disposing of all or substantially all of its consolidated property or assets to, another person, whether in a single transaction or series of related transactions, unless, among other things:

- Helix is the continuing corporation or such other person is a corporation organized and existing under the laws of the United States, any state of the United States or the District of Columbia and such other person assumes all of Helix's obligations under the 2022 Notes and the 2022 Indenture; and
- after giving effect to such transaction, there is no event of default, and no event that, after notice or passage of time or both, would become an event of default.

When the successor assumes all of Helix's obligations under an indenture, except in the case of a lease, Helix's obligations under the 2022 Indenture will terminate.

Some of the transactions described above could constitute a fundamental change that permits holders to require Helix to repurchase their 2022 Notes, as described under "-Holders May Require Helix to Repurchase Their 2022 Notes Upon A Fundamental Change."

There is no precise, established definition of the phrase "all or substantially all of Helix's consolidated property or assets" under applicable law. Accordingly, there may be uncertainty as to whether the provisions above would apply to a sale, transfer, lease, conveyance or other disposition of less than all of Helix's consolidated property or assets.

**Events of Default**

The following constitute defaults under the 2022 Indenture, subject to any additional limitations and qualifications included in the 2022 Indenture:

- following the exercise by the holder of the right to convert the 2022 Notes, Helix fails to comply with its obligation to deliver, the cash or shares of our common stock required to be delivered or to deliver the settlement amount upon conversion of the 2022 Notes, together with cash in lieu thereof in respect of any fractional shares, and such failure continues for a period of five days or more;
- Helix fails to provide notice of the occurrence of a fundamental change as required by the 2022 Indenture;
- default in Helix's obligation to redeem the 2022 Notes after Helix has exercised its option to redeem;
- a default in the payment of principal of the 2022 Notes when due at maturity, upon redemption, upon repurchase or otherwise;
- a default in the payment of any interest on the 2022 Notes when due and such failure continues for a period of 30 days past the applicable due date;
- the failure by Helix to perform or observe any of Helix's other covenants or warranties in the 2022 Indenture or in the 2022 Notes for 90 days after written notice to Helix from the Trustee or to Helix and the Trustee from the holders of at least 25% in principal amount of the outstanding 2022 Notes has been received by Helix;
- a failure to pay when due at maturity or a default that results in the acceleration of any indebtedness for borrowed money of Helix or its subsidiaries (other than indebtedness that is non-recourse to Helix or any of its subsidiaries) in an aggregate amount of $25.0 million or more, unless such failure is cured or such acceleration is rescinded, stayed or annulled within 30 days after written notice to Helix from the Trustee or to Helix and the Trustee from the holders of at least 25% in principal amount of the outstanding 2022 Notes has been received by Helix; and
- certain events involving Helix's or one of its subsidiary's bankruptcy, insolvency or reorganization.

The foregoing will constitute events of default whatever the reason for any such event of default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

If a default under the 2022 Indenture occurs and is continuing and is known to the Trustee, the Trustee must mail to each holder of the 2022 Notes notice of the default within 90 days after it occurs. The Trustee may withhold notice to the holders of the 2022 Notes of a default, except defaults in non-payment of principal or interest on the 2022 Notes. However, the Trustee must consider it to be in the interest of the holders of the 2022 Notes to withhold this notice.

If an event of default (other than an event of default relating to certain events of bankruptcy, insolvency or reorganization of Helix) occurs and continues, the Trustee or the holders of at least 25% in principal amount of the outstanding 2022 Notes may declare the principal and accrued and unpaid interest on the outstanding 2022 Notes to be immediately due and payable. In case of certain events of bankruptcy, insolvency or reorganization involving Helix, the principal and accrued and unpaid interest on the 2022 Notes will automatically become immediately due and payable. Under certain circumstances, the holders of a majority in principal amount of the outstanding 2022 Notes may rescind such acceleration with respect to the 2022 Notes and, as is discussed below, waive these past defaults.

The holders of a majority in principal amount of outstanding 2022 Notes have the right to direct the time, method and place of any proceedings for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee, subject to limitations specified in the 2022 Indenture. The Trustee, however, may refuse to follow any direction that conflicts with law or the 2022 Indenture or that the Trustee determines is unduly prejudicial to the rights of any other holder of the 2022 Notes or that would involve the Trustee in personal liability. Prior to taking any action under the 2022 Indenture, the Trustee will be entitled to indemnification satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action.

The holders of a majority in principal amount of outstanding 2022 Notes may waive any past defaults under the 2022 Indenture, except a default due to the non-payment of principal or interest, if any, a failure to convert any 2022 Notes into our common stock, a default arising from Helix's failure to redeem or repurchase any 2022 Notes when required pursuant to the terms of the 2022 Indenture or a default in respect of any covenant that cannot be amended without the consent of each holder affected.

No holder of the 2022 Notes may pursue any remedy under the 2022 Indenture, except in the case of a default due to the non-payment of principal or interest, on the 2022 Notes, unless:

- the holder has given the Trustee written notice of a default;
- the holders of at least 25% in principal amount of outstanding 2022 Notes make a written request to the Trustee to pursue the remedy;
- the Trustee does not receive an inconsistent direction from the holders of a majority in principal amount of outstanding 2022 Notes;
- the holder or holders have offered reasonable security or indemnity to the Trustee against any costs, liability or expense of the Trustee; and
- the Trustee fails to comply with the request within 60 days after receipt of the request and offer of indemnity.

The 2022 Indenture requires Helix (i) every year to deliver to the Trustee a statement as to performance of Helix's obligations under the 2022 Indenture and as to any default and (ii) to deliver to the Trustee prompt notice of any default.

A default in the payment of the 2022 Notes, or a default with respect to the 2022 Notes that causes them to be accelerated, may give rise to a cross-default under Helix's existing borrowing arrangements.

**Amendment and Modification**

The consent of the holders of a majority in principal amount of the outstanding 2022 Notes is required to modify or amend the 2022 Indenture. However, a modification or amendment requires the consent of the holder of each outstanding note affected by such modification or amendment if it would:

- reduce the principal amount of or change the stated maturity of any note;
- reduce the rate or extend the time for payment of interest on any note;
- reduce any amount payable upon redemption or repurchase of any note (including upon the occurrence of a fundamental change) or change the time at which or circumstances under which the 2022 Notes may or shall be redeemed or repurchased;
- impair the right of a holder to institute suit for payment on any note;

- change the currency in which any note is payable;
- impair the right of a holder to convert any note or reduce the number of common shares or any other property receivable upon conversion;
- reduce the quorum or voting requirements under the 2022 Indenture;
- change Helix's obligation to maintain an office or agency in the places and for the purposes specified in the 2022 Indenture;
- subject to specified exceptions, amend or modify certain of the provisions of the 2022 Indenture relating to amendment or modification or waiver of provisions of the 2022 Indenture; or
- reduce the percentage of 2022 Notes required for consent to any amendment or modification of the 2022 Indenture.

Helix and the Trustee may modify certain provisions of the 2022 Indenture without the consent of the holders of the 2022 Notes, including to:

- add guarantees with respect to the 2022 Notes or secure the 2022 Notes;
- remove guarantees as provided in the 2022 Indenture;
- evidence the assumption of Helix's obligations by a successor person under the provisions of the 2022 Indenture relating to consolidations, mergers and sales of assets;
- surrender any of Helix's rights or powers under the 2022 Indenture;
- add covenants or events of default for the benefit of the holders of 2022 Notes;
- cure any ambiguity or correct any mistake, defect or inconsistency in the 2022 Indenture, so long as such action will not materially adversely affect the interests of holders;
- modify or amend the 2022 Indenture to permit the qualification of the 2022 Indenture or any supplemental indenture under the Trust Indenture Act as then in effect;
- establish the forms or terms of the 2022 Notes;
- evidence the acceptance of appointment by a successor trustee;
- provide for uncertificated 2022 Notes in addition to or in place of certificated 2022 Notes; provided, however, that the uncertificated 2022 Notes are issued in registered form for U.S. Federal income tax purposes;
- conform, as necessary, the 2022 Indenture and the form or terms of the 2022 Notes, to the "Description of Notes" as set forth in the prospectus supplement related to the 2022 Notes; and
- make other changes to the 2022 Indenture or forms or terms of the 2022 Notes, provided no such change individually or in the aggregate with all other such changes has or will have a material adverse effect on the interests of the holders of the 2022 Notes.

**Calculations in Respect of 2022 Notes**

Helix is responsible for making all calculations called for under the 2022 Notes. These calculations include, but are not limited to, determinations of the market prices of our common stock, the amount of accrued interest payable on the 2022 Notes and the conversion price of the 2022 Notes. Helix will make all these calculations in good faith, and, absent manifest error, its calculations will be final and binding on holders of 2022 Notes. Helix will provide a schedule of its calculations to each of the Trustee and the conversion agent, and each of the Trustee and the conversion agent is entitled to rely upon the accuracy of Helix's calculations without independent verification. The Trustee will forward Helix's calculations to any holder of 2022 Notes upon the request of that holder.

**No Personal Liability of Directors, Officers, Employees or Shareholders**

None of Helix's past, present or future directors, officers, employees or shareholders, as such, will have any liability for any of Helix's obligations under the 2022 Notes or the 2022 Indenture or for any claim based on, or in respect or by reason of, such obligations or their creation. By accepting a note, each holder waives and releases all such liability. This waiver and release is part of the consideration for the issue of the 2022 Notes. However, this waiver and release may not be effective to waive liabilities under U.S. federal securities laws, and it is the view of the SEC that such a waiver is against public policy.

**Reports to Trustee**

Helix will promptly furnish to the Trustee copies of its annual report to shareholders that contains audited financial statements, and any other financial reports that Helix furnishes to shareholders.

**Unclaimed Money**

If money deposited with the Trustee or paying agent for the payment of principal of, or accrued and unpaid interest on, the 2022 Notes remains unclaimed for two years, the Trustee and paying agent will pay the money back to Helix upon Helix's written request. However, the Trustee and paying agent have the right to withhold paying the money back to Helix until they publish (in no event later than five days after Helix requests repayment) in a newspaper of general circulation in the City of New York, or mail to each registered holder, a notice stating that the money will be paid back to Helix if unclaimed after a date no less than 30 days from the publication or mailing. After the Trustee or paying agent pays the money back to Helix, holders of 2022 Notes entitled to the money must look to Helix for payment as general creditors, subject to applicable law, and all liability of the Trustee and the paying agent with respect to the money will cease.

**Replacement of 2022 Notes**

Helix will replace mutilated, lost, destroyed or stolen 2022 Notes at the holder's expense upon delivery to the Trustee of the mutilated 2022 Notes or evidence of the loss, destruction or theft of the 2022 Notes satisfactory to the Trustee and Helix. In the case of a lost, destroyed or stolen note, Helix or the Trustee may require, at the expense of the holder, indemnity (including in the form of a bond) satisfactory to Helix and the Trustee.

**Trustee, Conversion Agent and Paying Agent**

Helix appointed The Bank of New York Mellon Trust Company, N.A., as the trustee under the 2022 Indenture, and as paying agent, conversion agent, note registrar and custodian for the 2022 Notes. The trustee or its affiliates may also provide banking and other services to Helix in the ordinary course of their business.

**Book-Entry Delivery and Form**

***General***

The 2022 Notes were issued in registered, global form in denominations of integral multiples of $1,000 principal amount.

The 2022 Notes were initially represented by one or more permanent global certificates (which may be subdivided) in definitive, fully registered form without interest coupons (the “global securities”).

The global securities were deposited upon issuance with the Trustee as custodian for DTC in New York, New York, and registered in the name of DTC or its nominee for credit to an account of a direct or indirect participant in DTC (including the Euroclear Bank S.A./N.V. (“Euroclear”) or Clearstream Banking, société anonyme (“Clearstream”)).

Except as set forth below, the global securities may be transferred, in whole and not in part, only to DTC, to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the global securities may not be exchanged for 2022 Notes in certificated form except in the limited circumstances described below under “-Exchange of Book-Entry Securities for Certificated Securities.”

Transfers of beneficial interests in the global securities will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time.

***Exchange of Book-Entry Securities for Certificated Securities***

The global securities are exchangeable for certificated securities in definitive, fully registered form without interest coupons only in the following limited circumstances:

- DTC notifies Helix that it is unwilling or unable to continue as depositary for that global security or ceases to be a clearing agency registered under the Exchange Act and, in either case, Helix does not appoint a successor depositary within 90 days of such notice or cessation; or
- an event of default has occurred and is continuing, at the request of a beneficial owner of the 2022 Notes.

**Governing Law**

The 2022 Indenture and the 2022 Notes are governed by and construed in accordance with the laws of the State of New York.

## Description of the 2023 Notes

The 2023 Notes were issued pursuant to the 2023 Indenture between Helix and the Trustee.

The following summary of the terms of the 2023 Notes and the 2023 Indenture does not purport to be complete and is subject, and qualified in its entirety by reference, to the detailed provisions of the 2023 Notes and the 2023 Indenture.

For purposes of this summary, the terms “Helix,” “Company,” “we,” “us” and “our” refer only to Helix Energy Solutions Group, Inc. and not to any of its subsidiaries, unless specified otherwise.

**General**

Helix has outstanding $125.0 million aggregate principal amount of the 2023 Notes. The 2023 Notes bear interest at a rate of 4.125% per annum payable semi-annually in arrears on March 15 and September 15 of each year, beginning on September 15, 2018, to holders of record at the close of business on the preceding March 1 and September 1, respectively, except as described below.

The 2023 Notes:

- were issued in denominations of integral multiples of $1,000 principal amount;
- are Helix's general unsecured indebtedness and will be equal in right of payment to Helix's other senior unsecured indebtedness as described under "- Ranking";
- are redeemable by Helix under certain circumstances, at Helix's option, at a price equal to 100% of the principal amount, plus accrued and unpaid interest and the make-whole premium, at any time on or after March 15, 2021, as described below under "- Optional Redemption";
- are convertible under certain circumstances and during specified time periods into shares of our common stock, cash, or a combination of cash and shares of our common stock, at Helix's election, as described below under "- Conversion Rights," based on an initial conversion rate of 105.6133 shares of our common stock per $1,000 principal amount of 2023 Notes (which represents an initial conversion price of approximately $9.47 per share of our common stock), subject to adjustment; and
- are subject to repurchase by Helix at the option of the holder upon a fundamental change, as described under "- Holders May Require Helix to Repurchase their 2023 Notes Upon A Fundamental Change," at a repurchase price in cash equal to 100% of the principal amount of the 2023 Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

The 2023 Notes mature on September 15, 2023, unless earlier converted, redeemed or repurchased.

All cash payments on the 2023 Notes will be made in U.S. dollars.

The 2023 Notes were issued in denominations of integral multiples of $1,000 principal amount, without coupons. The 2023 Notes were initially issued as global securities in book-entry form. Payments in respect of 2023 Notes represented by global securities are made by wire transfer of immediately available funds to DTC or its nominee as registered owner of the global securities. Payments in respect of 2023 Notes that are issued in certificated form are made by wire transfer of immediately available funds to the accounts specified by each holder of more than $5.0 million aggregate principal amount of the 2023 Notes. However, if a holder of a certificated note does not specify an account, or holds $5.0 million or less in aggregate principal amount of the 2023 Notes, then a check will be mailed to that holder's registered address.

Helix may, from time to time, without notice to or the consent of the holders, reopen the 2023 Indenture under which the 2023 Notes were issued and issue notes in an unlimited aggregate principal amount with the same terms (subject to certain exceptions) as the 2023 Notes, in an unlimited aggregate principal amount, provided if the additional notes are not fungible with the 2023 Notes for United States federal income tax purposes, then they must be issued with a different CUSIP number. The 2023 Notes and any additional notes would be treated as a single class for all purposes under the 2023 Indenture and would vote together as one class on all matters with respect to the 2023 Notes.

The certificated 2023 Notes may be (i) converted at the office of the conversion agent, (ii) presented for registration of transfer at the office of the registrar for the 2023 Notes and (iii) presented for payment at maturity at the office of the paying agent. The Trustee has been appointed as the initial conversion agent, registrar and paying agent for the 2023 Notes. There is no sinking fund for the 2023 Notes. The 2023 Indenture does not contain any financial covenants and does not limit Helix's ability to incur additional indebtedness, including senior or secured indebtedness, pay dividends or issue or repurchase Helix's securities. In addition, the 2023 Indenture does not provide any protection to holders of 2023 Notes in the event of a highly leveraged transaction or a change in control, except as, and only to the limited extent, described under "- Conversion Rights - Adjustment to the Conversion Rate Upon the Occurrence of a Make-Whole Fundamental Change," "- Holders May Require Helix to Repurchase their 2023 Notes Upon A Fundamental Change" and "- Consolidation, Merger and Sale of Assets."

If any interest payment date, maturity date, redemption date, repurchase date or settlement date (including upon the occurrence of a fundamental change, as described below) falls on a day that is not a business day, then the required payment will be made on the next succeeding business day with the same force and effect as if made on the date that the payment was due, and no additional interest will accrue on that payment for the period from and after the interest payment date, maturity date, redemption date or repurchase date (including upon the occurrence of a fundamental change, as described below), as the case may be, to that next succeeding business day. Solely for purposes of the immediately preceding sentence, a day on which the applicable place of payment is authorized or required by law or executive order to close or be closed will be deemed not to be a "business day."

**Ranking**

The 2023 Notes are Helix's general unsecured senior obligations and rank equally in right of payment with all other unsecured senior indebtedness of Helix. However, the 2023 Notes are effectively subordinated to any existing and future secured indebtedness of Helix and other obligations to the extent of the value of the assets securing the indebtedness or other obligations. The 2023 Notes are also effectively subordinated to all liabilities, including trade payables and lease obligations, of Helix's subsidiaries. Any right by Helix to receive the assets of any of its subsidiaries upon a liquidation or reorganization of that subsidiary, and the consequent right of the holders of the 2023 Notes to participate in those assets, is effectively subordinated to the claims of that subsidiary's creditors, except to the extent that Helix is recognized as a creditor of such subsidiary, in which case Helix's claims would still be effectively subordinated to any security interests in the assets of such subsidiary and subordinated to any indebtedness of such subsidiary that is senior to that held by Helix.

Helix's subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due on the 2023 Notes or to make any funds available for payment on the 2023 Notes, whether by dividends, loans or other payments. In addition, the payment of dividends and the making of loans and advances or other payments to Helix by Helix's subsidiaries may be subject to statutory, regulatory, contractual or other restrictions, will depend on their earnings or financial condition and are subject to various business considerations. As a result, Helix may be unable to gain access to the cash flow or assets of its subsidiaries.

The 2023 Indenture does not limit the amount of additional indebtedness, including senior or secured indebtedness, which Helix can create, incur, assume or guarantee, nor does the 2023 Indenture limit the amount of indebtedness or other liabilities that its subsidiaries can create, incur, assume or guarantee.

**Interest Payments**

Interest on the 2023 Notes is paid at a rate of 4.125% per annum, payable semi-annually in arrears on each March 15 and September 15 of each year, beginning on September 15, 2018. Except as described below, interest that is due on an interest payment date is paid to holders of record at the close

of business on the preceding March 1 and September 1 (each, a “2023 Record Date”), respectively. Interest accrues on the 2023 Notes from, and including, March 20, 2018 or from, and including, the last date in respect of which interest has been paid or provided for, as the case may be, to, but excluding, the next interest payment date or maturity date, as the case may be. Interest on the 2023 Notes is paid on the basis of a 360-day year consisting of twelve 30-day months.

If 2023 Notes are converted after the close of business on a 2023 Record Date but prior to the open of business on the next interest payment date, holders of such 2023 Notes at the close of business on such 2023 Record Date will, on such interest payment date, receive the full amount of the accrued and unpaid interest payable on such 2023 Notes on such interest payment date notwithstanding the conversion. However, a holder who surrenders a note for conversion after the close of business on a 2023 Record Date but prior to the open of business on the next interest payment date (whether or not the holder of record as of the close of business on such 2023 Record Date) must pay to the conversion agent, upon surrender, an amount equal to the full amount of accrued and unpaid interest payable on the corresponding interest payment date on the note so converted; *provided* that no such interest payment need be made to Helix:

- if the note is surrendered for conversion after the close of business on September 1, 2023, the 2023 Record Date immediately preceding the maturity date;
- if there is specified a redemption date or a repurchase date relating to a fundamental change that is after a 2023 Record Date and on or prior to the business day immediately after the next interest payment date; or
- to the extent of any overdue interest, if any overdue interest exists at the time of conversion with respect to such note.

**Conversion Rights**

If the conditions for conversion of the 2023 Notes described under “- Conditions for Conversion” and “- Conversion Procedures” are satisfied, holders of 2023 Notes may, subject to prior maturity or repurchase, convert their 2023 Notes in integral multiples of $1,000 principal amount based on an initial conversion rate of 105.6133 shares of our common stock per $1,000 principal amount of 2023 Notes (which represents an initial conversion price of approximately $9.47 per share of our common stock). The conversion rate, and thus the conversion price, will be subject to adjustment as described below. Except as described below, no payment or other adjustment on conversion with respect to any accrued interest, if any, on the 2023 Notes will be made, and no adjustment of the conversion rate to account for accrued and unpaid interest, if any, will be made. Instead, accrued interest, if any, will be deemed to be paid by the consideration received by the holder upon conversion. As a result, accrued interest, if any, is deemed to be paid in full rather than cancelled, extinguished or forfeited. Upon conversion of the 2023 Notes into a combination of cash and shares of our common stock, accrued and unpaid interest, if any, will be deemed to be paid first out of the cash paid upon such conversion.

Fractional shares will not be issued upon conversion of 2023 Notes. Instead, cash in lieu of fractional shares will be paid based on the closing sale price (as defined below) of our common stock on the conversion date (in the case of physical settlement) or the volume-weighted average price per share of our common stock on the last trading day of the relevant observation period (as defined below) (in the case of combination settlement).

In certain circumstances, a holder must, upon conversion, pay interest if the conversion occurs after the close of business on a 2023 Record Date and prior to the open of business on the next interest payment date. See “- Interest Payments” above. A note for which a holder has delivered a fundamental change repurchase notice, as described below, requiring Helix to repurchase the note may be surrendered for conversion only if the holder withdraws the notice in accordance with the 2023 Indenture.

If a holder's 2023 Notes are called for redemption, the holder may convert the 2023 Notes only until the close of business on the second business day prior to the redemption date unless Helix fails to pay the redemption price.

"Closing sale price" on any date means, as determined by Helix, the per share price of the referenced security on such date, determined (i) on the basis of the closing per share sale price (or if no closing per share sale price is reported, the average of the bid and ask prices per share or, if more than one in either case, the average of the average bid prices per share and the average ask prices per share) on such date on the principal U.S. national or regional securities exchange on which shares of the referenced security are listed; or (ii) if shares of the referenced security are not listed on a U.S. national or regional securities exchange, as reported by OTC Markets Group Inc. or a similar organization; *provided*, *however*, that in the absence of any such report or quotation, the closing sale price shall be the price determined by a nationally recognized independent investment banking firm retained by Helix for such purpose as most accurately reflecting the per share price that a fully informed buyer, acting on his own accord, would pay to a fully informed seller, acting on his own accord, in an arms-length transaction, for a share of the referenced security.

Helix may appoint any bid solicitation agent, and may change such bid solicitation agent.

"Trading day" means, with respect to the referenced security, a day during which (i) trading in the referenced security generally occurs on the principal U.S. national or regional securities exchange on which the referenced security is then listed or, if the referenced security is not then listed on a U.S. national or regional securities exchange, on the principal other market on which the referenced security is then traded, and (ii) a "market disruption event" (as defined below) has not occurred; *provided*, *however*, that if the referenced security is not listed for trading or quotation on or by any exchange, bureau or other organization, "trading day" will mean any business day.

"Market disruption event" means, with respect to a referenced security on any date such reference security is listed for trading or quotation on or by any exchange, bureau or other organization, the occurrence or existence, during the one-half hour period ending at the scheduled close of trading on such date on the principal U.S. national or regional securities exchange or other market on which such referenced security is listed for trading or trades, of any material suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise) in such referenced security or in any options, contracts or futures contracts relating to such referenced security.

**Conditions for Conversion**

The 2023 Notes are convertible only during certain periods or in certain circumstances as described below. If the 2023 Notes become convertible, Helix will provide written notice to the Trustee, the conversion agent and each holder, and will publicly announce, through a reputable national newswire service, that the 2023 Notes have become convertible, stating, among other things:

- the event causing the 2023 Notes to become convertible;
- the time during which the 2023 Notes will be convertible as a result of that event;
- if that event is a transaction described under "- Conversion upon the Occurrence of Certain Corporate Transactions," the effective date of the transaction; and
- the procedures holders must follow to convert their 2023 Notes, including the name and address of the conversion agent.

Helix will send the notice as soon as practicable, but in no event later than the open of business on the business day following the date the 2023 Notes become convertible as a result of the event. Holders may surrender their 2023 Notes for conversion only in the following circumstances:

***Conversion Based on Price of Shares of Our Common Stock***

Prior to March 15, 2023, holders may surrender their 2023 Notes for conversion during any calendar quarter after the calendar quarter ending June 30, 2018 (and only during such calendar quarter), if the closing sale price of our common stock for each of 20 or more trading days (whether or not consecutive) in a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter exceeds 130% of the conversion price of the 2023 Notes (the "conversion trigger price") in effect on each applicable trading day.

Helix's board of directors (or a committee thereof) will make appropriate adjustments to the closing sale price of our common stock, in its good faith determination, to account for any adjustment to the conversion rate that becomes effective, or any event requiring an adjustment to the conversion rate where the "ex-dividend date" of the event occurs, during the 30 consecutive trading day period described above.

***Conversion upon Satisfaction of the 2023 Trading Price Condition***

Prior to March 15, 2023, holders may surrender their 2023 Notes for conversion during the five consecutive business days immediately after any five consecutive trading day period (the "2023 Note Measurement Period") in which the trading price per $1,000 principal amount of the 2023 Notes, as determined following a request by a holder of 2023 Notes in accordance with the procedures described below, for each trading day in that 2023 Note Measurement Period was equal to or less than 97% of the conversion value of the 2023 Notes on such trading day (this condition is the "2023 Trading Price Condition").

Solely for purposes of the 2023 Trading Price Condition, the "conversion value" per $1,000 principal amount of 2023 Notes on each trading day in the 2023 Note Measurement Period is the product of the closing sale price of our common stock and the conversion rate of the 2023 Notes in effect on that trading day.

The bid solicitation agent will have no obligation to determine the trading price of the 2023 Notes unless Helix has requested it to do so, and Helix will have no obligation to make such request unless a holder of at least $1.0 million aggregate principal amount of 2023 Notes provides Helix with written notice that includes reasonable evidence that the trading price per $1,000 principal amount of the 2023 Notes would be equal to or less than 97% of the conversion value of the 2023 Notes. At such time, Helix will instruct the bid solicitation agent to determine the trading price of the 2023 Notes for each of the next five trading days and on each succeeding trading day until the 2023 Trading Price Condition is no longer satisfied.

The "trading price" of the 2023 Notes on any date of determination (the "determination date") means the average of the secondary market bid quotations obtained by the bid solicitation agent for $2.0 million aggregate principal amount of the 2023 Notes at approximately 3:30 p.m., New York City time, on such determination date from three independent nationally recognized securities dealers Helix selects; *provided*, *however*, that if:

- three such bids cannot reasonably be obtained by the bid solicitation agent, but two such bids are obtained, then the average of the two bids shall be used, and
- only one such bid can reasonably be obtained by the bid solicitation agent, that one bid shall be used;

*provided*, *further*, that if no bids are received for such determination date, then the trading price of the 2023 Notes on any date of determination will be deemed to be less than 97% of the conversion value of the 2023 Notes on such determination date.

***Conversion upon Notice of Redemption***

If any or all of the 2023 Notes are called for redemption, a holder may convert any of its 2023 Notes at any time prior to the close of business on the second business day immediately prior to the redemption date, unless Helix fails to pay the redemption price.

***Conversion upon the Occurrence of Certain Corporate Transactions***

If, prior to March 15, 2023, there occurs (1) a "fundamental change" (as described under "- Holders May Require Helix to Repurchase their 2023 Notes Upon A Fundamental Change"); a (2) "make-whole fundamental change" (as described under "- Adjustment to the Conversion Rate Upon the Occurrence of a Make-Whole Fundamental Change") or (3) a "common stock change event" (as described under "- Change in the Conversion Right Upon Certain Reclassifications, Business Combinations and Asset Sales," other than, in the case of this clause (3), a transaction described in clause (1) under such caption that complies with Helix's obligations described below under the caption "- Consolidation, Merger and Sale of Assets," if applicable, and is not a fundamental change or make-whole fundamental change), in each case other than a merger or other business combination transaction that is effected solely to change Helix's jurisdiction of incorporation and that does not constitute a fundamental change or a make-whole fundamental change, then a holder may surrender its 2023 Notes for conversion at any time during the period that begins on, and includes, the effective date of the transaction and ends on, and includes, the 35th business day after the effective date of the transaction (or, if such transaction also constitutes a fundamental change, until the related fundamental change repurchase date). Helix will notify holders and the Trustee of any such transaction no later than the actual effective date of such transaction. In addition, if the transaction is a "fundamental change," then the 2023 Notes may also be surrendered for repurchase as described below under "- Holders May Require Helix to Repurchase their 2023 Notes Upon A Fundamental Change." Holders that convert their 2023 Notes in connection with a "make-whole fundamental change" may in some circumstances also be entitled to an increased conversion rate. See "- Adjustment to the Conversion Rate Upon the Occurrence of a Make-Whole Fundamental Change."

In addition, if Helix elects to:

- distribute to all or substantially all holders of our common stock any rights, options or warrants entitling them, for a period of not more than 60 days after the 2023 Record Date of such distribution, to purchase or subscribe for shares of our common stock at a price per share less than the average of the closing sale prices of our common stock over the 10 consecutive trading-day period ending on, and including, the trading day immediately preceding the date such distribution is announced; or

- distribute to all or substantially all holders of our common stock the assets, debt securities or rights to purchase securities of Helix (excluding distributions solely pursuant to a transaction described in clause (1) under the caption "- Adjustments to the Conversion Rate"), which distribution has a per share value, as reasonably determined by Helix's board of directors (or a committee thereof), exceeding 10% of the closing sale price of our common stock on the trading day preceding the date of announcement for such distribution,

then Helix must notify holders of the action or event at least 45 business days before the ex-dividend date for such distribution. Once such notice has been given, holders may surrender their 2023 Notes for conversion at any time until the earlier of 5:00 p.m., New York City time, on the business day immediately preceding the ex-dividend date for such distribution and Helix's announcement that such distribution will not take place, even if the 2023 Notes are not otherwise convertible at such time.

However, Helix will not be required to provide such notice, and holders will not have the right to convert their 2023 Notes pursuant to the provision described in the preceding sentence on account of a distribution, if each holder participates, at the same time and upon the same terms as holders of our common stock and solely as a result of holding the 2023 Notes, in such distribution without having to convert their 2023 Notes as if such holder held a number of shares of our common stock equal to the conversion rate in effect on the 2023 Record Date for such distribution multiplied by the principal amount (expressed in thousands) of 2023 Notes held by such holder.

***Conversion on or after March 15, 2023***

The 2023 Notes may be surrendered for conversion at any time from, and including, March 15, 2023 to, and including, the business day immediately preceding September 15, 2023, regardless of the foregoing conditions.

**Conversion Procedures**

To convert its note into shares of our common stock, cash or a combination of cash and shares of our common stock, as the case may be, a holder of a certificated note must:

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

If a holder holds a beneficial interest in a global note, to convert such note, a holder must comply with the last two requirements listed above and comply with DTC's procedures for converting a beneficial interest in a global note. The date a holder complies with these requirements is the "conversion date" under the 2023 Indenture. A holder receiving shares of our common stock upon conversion will not be entitled to any rights as a holder of our common stock, including, among other things, the right to vote, respond to tender offers and receive dividends and notices of shareholder meetings, until the close of business on the conversion date (in the case of physical settlement) or the close of business on the last VWAP trading day of the applicable observation period (in the case of combination settlement).

**Settlement Elections**

Upon conversion of the 2023 Notes, in satisfaction of Helix's conversion obligation, Helix will pay or deliver, as the case may be, to holders, at Helix's election, (i) shares of our common stock, together with cash in lieu of any fractional share ("physical settlement"); (ii) cash ("cash settlement"); or (iii) a combination of cash and shares of our common stock, together with cash in lieu of any fractional share ("combination settlement"). "Settlement method" means physical settlement, cash settlement or combination settlement, as applicable.

Helix will inform the holders through the Trustee of the settlement method chosen to satisfy Helix's obligation upon conversion (and the specified cash amount (as defined below), if applicable), as follows:

- in respect of 2023 Notes to be converted with a conversion date that is on or after the 45th scheduled trading day immediately preceding the maturity date for the 2023 Notes, no later than the 45th scheduled trading day immediately preceding the maturity date; and

- in all other cases, no later than the business day following the applicable conversion date;

*provided*, *however*, that if any 2023 Notes are called for redemption, then (i) Helix will specify in the related redemption notice the settlement method that will apply to all conversions with a conversion date that occurs on or after the date Helix sends such redemption notice and before the related redemption date; and (ii) if the related redemption date is on or after the 45th scheduled trading day immediately preceding the maturity date, then such settlement method must be the same settlement method that applies to all conversions with a conversion date that occurs on or after the 45th scheduled trading day immediately preceding the maturity date. Except as provided in the preceding sentence, the same settlement method must be used for all conversions with a conversion date that occurs on the same day, but Helix will not be obligated to use the same settlement method for conversions with conversion dates that occur on different days.

If Helix fails to give any notice within the time periods described as to how Helix intends to settle, then the “default settlement method” (as defined below) will be deemed to have been elected to apply and such failure will not be deemed to be a default under the 2023 Indenture. If Helix elects “combination settlement” to apply but fails to specify the specified cash amount, then the specified cash amount will be deemed to be $1,000 per $1,000 principal amount of 2023 Notes.

The “default settlement method” means physical settlement. Helix may, from time to time, change the default settlement method, to any settlement method that Helix is then permitted to elect, by sending notice of the new default settlement method to the holders of the 2023 Notes.

Upon surrender of 2023 Notes for conversion, Helix will deliver cash, shares of our common stock or a combination thereof as described below under “- Settlement Upon Conversion.”

**Settlement Upon Conversion**

Except as described below under the captions “- Adjustment to the Conversion Rate Upon the Occurrence of a Make-Whole Fundamental Change - The Increase in the Conversion Rate,” “- Change in the Conversion Right Upon Certain Reclassifications, Business Combinations and Asset Sales” and “- Adjustments to the Conversion Rate,” Helix will pay or deliver, as applicable, the consideration due upon conversion as follows: (i) if cash settlement or combination settlement applies, on or before the second business day immediately after the last VWAP trading day of such observation period; and (ii) if physical settlement applies, on or before the second business day immediately after such conversion date.

“Relevant exchange” means the NYSE or, if our common stock is not then listed on the NYSE, the principal U.S. national or regional securities exchange on which our common stock is listed for trading.

The amount of cash and number of shares of our common stock, as the case may be, due upon conversion will be as follows:

(1) if Helix elects (or are deemed to have elected) physical settlement, Helix will deliver to the converting holder a number of shares of our common stock equal to (i) (A) the aggregate principal amount of 2023 Notes to be converted, divided by (B) $1,000, multiplied by (ii) the conversion rate in effect on the relevant conversion date (provided that Helix will deliver cash in lieu of fractional shares as described above);

(2) if Helix elects (or is deemed to have elected) cash settlement, Helix will pay to the converting holder, for each $1,000 principal amount of 2023 Notes to be converted, cash in an amount equal to the sum of the daily conversion values for each of the 40 consecutive VWAP trading days in the relevant observation period; and

(3) if Helix elects (or is deemed to have elected) combination settlement, Helix will pay or deliver to the converting holder, for each $1,000 principal amount of 2023 Notes to be converted, cash and shares of our common stock, if any, equal to the sum of the daily settlement amounts for each of the 40 consecutive VWAP trading days in the relevant observation period (provided that Helix will deliver cash in lieu of fractional shares as described above).

The “daily settlement amount” per $1,000 principal amount of 2023 Notes to be converted will consist of the following for each of the 40 consecutive VWAP trading days in the relevant observation period:

- cash equal to the lesser of (i) the applicable specified cash amount per $1,000 principal amount, divided by 40 (such quotient being referred to as the “daily measurement value”); and (ii) the daily conversion value for such VWAP trading day; and

- to the extent such daily conversion value exceeds such daily measurement value, a number of shares of our common stock equal to (i) the difference between such daily conversion value and such daily measurement value, divided by (ii) the volume-weighted average price of our common stock on such VWAP trading day.

“Specified cash amount” means, with respect to the conversion of a note to which combination settlement applies, the maximum cash amount per $1,000 principal amount of such note deliverable upon such conversion (excluding cash in lieu of any fractional share of our common stock).

The “daily conversion value” means, for each of the 40 consecutive VWAP trading days in the observation period, one-40th of the product of (i) the conversion rate in effect on such VWAP trading day and (ii) the volume-weighted average price of our common stock on such VWAP trading day.

The “volume-weighted average price” of our common stock on any VWAP trading day means such price per share of our common stock as displayed on Bloomberg (or any successor service) page “HLX <equity> AQR” in respect of the period from the scheduled open of trading until the scheduled close of trading of the primary trading session on such VWAP trading day; or, if such price is not available, the volume-weighted average price means the market value per share of our common stock on such day as determined, using a volume-weighted average price method, by a nationally recognized independent investment banking firm retained for this purpose by Helix.

The “observation period” means:

- subject to the immediately following bullet, with respect to any conversion date occurring on or after the 45th scheduled trading day immediately preceding the maturity date, the 40 consecutive VWAP trading day period beginning on, and including, the 42nd scheduled trading day immediately before the maturity date;

- with respect to any conversion date for a note occurring on or after the date Helix has sent a redemption notice calling such note for redemption and before the related redemption date, the 40 consecutive VWAP trading days beginning on, and including, the 42nd scheduled trading day immediately before such redemption date; or

- in all other cases, the 40 consecutive VWAP trading day period beginning on, and including, the third VWAP trading day immediately following the relevant conversion date.

“VWAP trading day” means a day on which (i) there is no VWAP market disruption event; and (ii) trading in our common stock generally occurs on the principal U.S. national or regional securities exchange on which our common stock is then listed or, if our common stock is not then listed on a U.S. national or regional securities exchange, on the principal other market on which our common stock is then traded. If our common stock is not so listed or traded, then “VWAP trading day” means a business day.

“VWAP market disruption event” means, with respect to any date, (i) the failure by the principal U.S. national or regional securities exchange on which our common stock is then listed, or, if our common stock is not then listed on a U.S. national or regional securities exchange, the principal other market on which our common stock is then traded, to open for trading during its regular trading session on such date; or (ii) the occurrence or existence, for more than one half hour period in the aggregate, of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise) in our common stock or in any options, contracts or futures contracts relating to our common stock, and such suspension or limitation occurs or exists at any time before 1:00 p.m., New York City time, on such date.

“Scheduled trading day” means a day that is scheduled to be a trading day on the primary United States national securities exchange or market on which our common stock is listed or admitted for trading. If our common stock is not so listed or admitted for trading, “scheduled trading day” means any business day.

**Adjustments to the Conversion Rate**

The applicable conversion rate will be subject to adjustment, without duplication, upon the occurrence of any of the following events, except that Helix will not make any adjustment to the conversion rate if each holder of 2023 Notes participates (other than in the case of a transaction described in clauses (1) or (5) below), at the same time and upon the same terms as holders of our common stock and solely as a result of holding the 2023 Notes, in any of the transactions described below without having to convert such holder’s 2023 Notes as if such holder held a number of shares of our common stock equal to the conversion rate, multiplied by the principal amount (expressed in thousands) of 2023 Notes held by such holder:

(1) If Helix issues shares of our common stock as a dividend or distribution on shares of our common stock, or effects a share split or share combination, the conversion rate will be adjusted based on the following formula:

$$CR_1 = CR_0 \times \frac{OS_1}{OS_0}$$

where,

$CR_0$ = the conversion rate in effect immediately prior to the open of business on the ex-dividend date for such dividend or distribution, or the open of business on the effective date of such share split or share combination, as the case may be;

$CR_1$ = the conversion rate in effect immediately after the open of business on the ex-dividend date for such dividend or distribution, or the open of business on the effective date of such share split or share combination, as the case may be;

$OS_0$ = the number of shares of our common stock outstanding immediately prior to the open of business on the ex-dividend date for such dividend or distribution, or the open of business on the effective date of such share split or share combination, as the case may be; and

$OS_1$ = the number of shares of our common stock outstanding immediately after such dividend or distribution, or such share split or share combination, as the case may be.

Any adjustment made under this clause (1) shall become effective immediately after the open of business on the ex-dividend date for such dividend or distribution, or immediately after the open of business on the effective date for such share split or share combination, as the case may be. If any dividend or distribution of the type described in this clause (1) is declared but not so paid or made, or any share split or combination of the type described in this clause (1) is announced but the outstanding shares of our common stock are not split or combined, as the case may be, the conversion rate shall be immediately readjusted, effective as of the date Helix's board of directors (or a committee thereof) determines not to pay such dividend or distribution, or not to split or combine the outstanding shares of our common stock, as the case may be, to the conversion rate that would then be in effect if such dividend, distribution, share split or share combination had not been declared or announced.

(2) If Helix distributes, to all or substantially all holders of our common stock, any rights, options or warrants entitling such holders, for a period expiring not more than 60 days immediately following the 2023 Record Date of such distribution, to purchase or subscribe for shares of our common stock at a price per share less than the average of the closing sale prices of our common stock over the 10 consecutive trading-day period ending on, and including, the trading day immediately preceding the date such distribution is announced, the conversion rate will be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{OS_0 + X}{OS_0 + Y}$$

where,

$CR_0$ = the conversion rate in effect immediately prior to the open of business on the ex-dividend date for such distribution;

$CR_1$ = the conversion rate in effect immediately after the open of business on the ex-dividend date for such distribution;

$OS_0$ = the number of shares of our common stock outstanding immediately prior to the open of business on the ex-dividend date for such distribution;

X = the total number of shares of our common stock issuable pursuant to such rights, options or warrants; and

Y = the number of shares of our common stock equal to (x) the aggregate price payable to exercise such rights, options or warrants divided by (y) the average of the closing sale prices of our common stock over the 10 consecutive trading-day period ending on, and including, the trading day immediately preceding the date such distribution is announced.

Any increase made under this clause (2) will be made successively whenever any such rights, options or warrants are distributed and shall become effective immediately after the open of business on the ex-dividend date for such distribution. To the extent that shares of our common stock are not delivered after the expiration of such rights, options or warrants, the conversion rate shall be decreased to the conversion rate that would then be in effect had the increase with respect to the distribution of such rights, options or warrants been made on the basis of delivery of only the number of shares of our common stock actually delivered. If such rights, options or warrants are not so distributed, the conversion rate shall be decreased to be the conversion rate that would then be in effect if such ex-dividend date for such distribution had not occurred.

For purposes of this clause (2) and the provisions described above under the caption "- Conditions for Conversion - Conversion upon the Occurrence of Certain Corporate Transactions," in determining whether any rights, options or warrants entitle the holders thereof to subscribe for or purchase shares of our common stock at less than such average of the closing sale prices for the 10 consecutive trading-day period ending on, and including, the trading day immediately preceding the date such distribution is announced, and in determining the aggregate offering price of such shares of our common stock, there shall be taken into account any consideration received by Helix for such rights, options or warrants and any amount payable on exercise or conversion thereof, with the value of such consideration, if other than cash, to be determined by Helix's board of directors (or a committee thereof).

(3) (a) If Helix distributes shares of our capital stock, evidences of our indebtedness or other assets, securities or property of Helix, or rights, options or warrants to acquire our capital stock or other securities, to all or substantially all holders of our common stock, excluding:

- dividends, distributions or issuances referred to in clauses (1) or (2) above (including, for the avoidance of doubt, any such dividends, distributions or issuance for which an adjustment to the conversion rate is not yet effected pursuant to such clause (1) or (2), as applicable, due to the application of the "1% provision" (as defined below));
- dividends or distributions paid exclusively in cash referred to in clause (4) below (including, for the avoidance of doubt, any such dividends or distributions for which an adjustment to the conversion rate is not yet effected pursuant to such clause (4) due to the application of the 1% provision);
- dividends or distributions solely pursuant to a common stock change event, as to which the provisions described below under the caption "- Change in the Conversion Right Upon Certain Reclassifications, Business Combinations and Asset Sales" will apply; and
- spin-offs to which the provisions set forth in clause (3)(b) below shall apply (subject, for the avoidance of doubt, to the 1% provision),
- then the conversion rate will be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{SP}{SP - FMV}$$

where,

$CR_0$ = the conversion rate in effect immediately prior to the open of business on the ex-dividend date for such distribution;

$CR_1$ = the conversion rate in effect immediately after the open of business on the ex-dividend date for such distribution;

SP = the average of the closing sale prices of our common stock over the 10 consecutive trading- day period ending on, and including, the trading day immediately preceding the ex-dividend date for such distribution; and

FMV = the fair market value (as determined by Helix's board of directors or a committee thereof) of the shares of capital stock, evidences of indebtedness, assets, securities, property, rights, options or warrants distributed with respect to each outstanding share of our common stock on the ex-dividend date for such distribution.

If “FMV” (as defined above) is equal to or greater than the “SP” (as defined above), then, in lieu of the foregoing increase, each holder of a note shall receive, for each $1,000 principal amount of 2023 Notes it holds, at the same time and upon the same terms as holders of our common stock, the amount and kind of Helix’s capital stock, evidences of Helix indebtedness, other assets, securities, property, rights, options or warrants that such holder would have received as if such holder owned a number of shares of our common stock equal to the conversion rate in effect on the 2023 Record Date for the distribution.

Any increase made under this clause (3)(a) will become effective immediately after the open of business on the ex-dividend date for such distribution. If such distribution is not so paid or made, the conversion rate shall be decreased to be the conversion rate that would then be in effect if such distribution had not been declared.

(b) If Helix dividends or distributes, to all or substantially all holders of our common stock, shares of capital stock of any class or series, or similar equity interests, of or relating to a subsidiary or other business unit (other than a distribution solely pursuant to a common stock change event, as to which the provisions described below under the caption “- Change in the Conversion Right Upon Certain Reclassifications, Business Combinations and Asset Sales” will apply) where such capital stock or similar equity interest is listed or quoted (or will be listed or quoted upon consummation of the spin-off (as defined below)) on a national securities exchange (a “spin-off”), the conversion rate will be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{FMV + MP}{MP}$$

where,

$CR_0$ = the conversion rate in effect immediately prior to the open of business on the ex-dividend date for the spin-off;

$CR_1$ = the conversion rate in effect immediately after the open of business on the ex-dividend date for the spin-off;

FMV = the average of the closing sale prices of the capital stock or similar equity interest distributed to holders of our common stock applicable to one share of our common stock over the 10 consecutive trading-day period (the “spin-off valuation period”) beginning on, and including, the ex-dividend date for the spin-off; and

MP = the average of the closing sale prices of our common stock over the spin-off valuation period.

The adjustment to the conversion rate under the preceding paragraph will be determined as of the end of the spin-off valuation period but will be given effect immediately after the open of business on the ex-dividend date for the spin-off, with retroactive effect. If a note is converted and the conversion date (in the case of physical settlement) or any VWAP trading day of the applicable observation period (in the case of cash settlement or combination settlement) occurs during the spin-off valuation period, then, notwithstanding anything to the contrary, Helix will, if necessary, delay the settlement of such conversion until the second business day after the last day of the spin-off valuation period.

(4) If any cash dividend or distribution is made to all or substantially all holders of our common stock, the conversion rate will be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{SP}{SP - C}$$

where,

$CR_0$ = the conversion rate in effect immediately prior to the open of business on the ex-dividend date for such dividend or distribution;

$CR_1$ = the conversion rate in effect immediately after the open of business on the ex-dividend date for such dividend or distribution;

SP = the closing sale price of our common stock on the trading day immediately preceding the ex- dividend date for such dividend or distribution; and

C = the amount in cash per share of our common stock Helix dividend or distributed to holders of our common stock.

If “C” (as defined above) is equal to or greater than “SP” (as defined above), then, in lieu of the foregoing increase, each holder of a note shall receive, for each $1,000 principal amount of 2023 Notes, at the same time and upon the same terms as holders of our common stock, the amount of cash that such holder would have received as if such holder owned a number of shares of our common stock equal to the conversion rate on the 2023 Record Date for such cash dividend or distribution. Such increase shall become effective immediately after the open of business on the ex-dividend date for such dividend or distribution. If such dividend or distribution is not so paid, the conversion rate shall be decreased, effective as of the date Helix’s board of directors (or a committee thereof) determines not to make or pay such dividend or distribution, to be the conversion rate that would then be in effect if such dividend or distribution had not been declared.

(5) If Helix or any of its subsidiaries makes a payment in respect of a tender offer or exchange offer for our common stock (other than solely pursuant to an odd-lot tender offer pursuant to Rule 13e-4(h)(5) under the Exchange Act), and the cash and value of any other consideration included in the payment per share of our common stock exceeds the average (such average, the “reference price”) of the closing sale prices of our common stock over the 10 consecutive trading-day period (the “tender/exchange offer valuation period”) commencing on, and including, the trading day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer, the conversion rate will be increased based on the following formula:

$$CR_1 = CR_0 \times \frac{AC + (SP \times OS_1)}{OS_0 \times SP}$$

where,

$CR_0$ = the conversion rate in effect immediately prior to the time (the “expiration time”) such tender or exchange offer expires;

$CR_1$ = the conversion rate in effect immediately after the expiration time;

AC = the aggregate value of all cash and any other consideration (as determined by Helix’s board of directors or a committee thereof) paid or payable for shares of our common stock purchased in such tender or exchange offer;

$OS_0$ = the number of shares of our common stock outstanding immediately prior to the expiration time (before giving effect to the purchase of all shares of our common stock accepted for purchase or exchange in such tender or exchange offer);

$OS_1$ = the number of shares of our common stock outstanding immediately after the expiration time (excluding all shares of our common stock accepted for purchase or exchange in such tender or exchange offer); and

SP = the reference price.

The adjustment to the conversion rate pursuant to this clause (5) will be determined as of the end of the tender/exchange offer valuation period but will be given effect immediately after the expiration time, with retroactive effect. If a note is converted and the conversion date (in the case of physical settlement) or any VWAP trading day of the applicable observation period (in the case of cash settlement or combination settlement) occurs during the tender/exchange offer valuation period, then, notwithstanding anything to the contrary, Helix will, if necessary, delay the settlement of such conversion until the second business day after the last day of the tender/exchange offer valuation period.

Notwithstanding anything to the contrary, if:

- a note is to be converted;
- the 2023 Record Date, effective date or expiration time for any event that requires an adjustment to the conversion rate pursuant to the provisions described in clauses (1) through (5), inclusive, above has occurred on or before the conversion date for such conversion (in the case of physical settlement) or on or before any VWAP trading day in the observation period for such conversion (in the case of combination settlement), but an adjustment to the conversion rate for such event has not yet become effective as of such conversion date or VWAP trading day, as applicable;
- the consideration due upon such conversion (in the case of physical settlement) or due in respect of such VWAP trading day (in the case of combination settlement) includes any whole shares of our common stock; and
- such shares are not entitled to participate in such event (because they were not held on the related 2023 Record Date or otherwise),

then, solely for purposes of such conversion, Helix will, without duplication, give effect to such adjustment on such conversion date (in the case of physical settlement) or such VWAP trading day (in the case of combination settlement). In such case, if the date Helix is otherwise required to deliver the consideration due upon such conversion is before the first date on which the amount of such adjustment can be determined, then Helix will (i) deliver, on such date it is otherwise required by the 2023 Indenture, the consideration due upon such conversion based on the applicable unadjusted conversion rate(s); and (ii) deliver, on the business day immediately after such first date, any additional consideration arising from giving effect to such adjustment to the applicable conversion rate(s).

Notwithstanding anything to the contrary in the 2023 Indenture or the 2023 Notes, if:

- a conversion rate adjustment for any dividend or distribution becomes effective on any ex-dividend date pursuant to the provisions described clauses (1) through (5), inclusive, above;
- a note is to be converted pursuant to physical settlement or combination settlement;
- the conversion date for such conversion (in the case of physical settlement) or any VWAP trading day in the observation period for such conversion (in the case of combination settlement) occurs on or after such ex-dividend date and on or before the related 2023 Record Date;

- the consideration due upon such conversion (in the case of physical settlement) or due with respect to such VWAP trading day (in the case of combination settlement) includes any whole shares of our common stock based on a conversion rate that is adjusted for such dividend or distribution; and

- such shares would be entitled to participate in such dividend or distribution,

then (x) such conversion rate adjustment will not be given effect for such conversion (in the case of physical settlement) or for such VWAP trading day (in the case of combination settlement); and (y) the shares of our common stock, if any, issuable upon such conversion (in the case of physical settlement) or issuable with respect to such VWAP trading day (in the case of combination settlement) based on such unadjusted conversion rate will be entitled to participate in such dividend or distribution.

The “ex-dividend date” is the first date on which our common stock trades on the applicable exchange or in the applicable market, regular way, without the right to receive the issuance, dividend or distribution in question from Helix or, if applicable, from the seller of our common stock on such exchange or market (in the form of due bills or otherwise) as determined by such exchange or market.

As used in this section titled “- Adjustments to the Conversion Rate,” “2023 Record Date” means, with respect to any dividend, distribution or other transaction or event in which the holders of our common stock have the right to receive any cash, securities or other property, the date fixed for determination of holders of stock entitled to receive such cash, securities or other property (whether such date is fixed by Helix’s board of directors or a committee thereof or by statute, contract or otherwise).

The 2023 Indenture does not require Helix to adjust the conversion rate for any of the transactions described in the clauses (1) through (5) above (other than for share splits or share combinations) if Helix makes provision for each holder of the 2023 Notes to participate in the transaction, at the same time as holders of our common stock participate, without conversion, as if such holder held a number of shares of our common stock equal to the conversion rate in effect on the 2023 Record Date or effective date, as the case may be, for such transaction, multiplied by the principal amount (expressed in thousands) of 2023 Notes held by such holder.

If Helix issues rights, options or warrants that are only exercisable upon the occurrence of certain triggering events, then:

- Helix will not adjust the conversion rate pursuant to the provisions described in clauses (1) through (5), inclusive, above until the earliest of these triggering events occurs; and

- Helix will readjust the conversion rate to the extent any of these rights, options or warrants are not exercised before they expire.

The conversion rate pursuant to the provisions described in clauses (1) through (5), inclusive, above will not be adjusted unless the adjustment would result in a change of at least 1% in the then effective conversion rate. However, any adjustment that otherwise would have had to be made will be taken into account in any subsequent adjustment. However, all such deferred adjustments must be given effect immediately upon the earliest of the following: (i) when all such deferred adjustments would result in a change of at least 1% to the conversion rate; (ii) the conversion date of, or any VWAP trading day of an observation period for, any note; (iii) the date a fundamental change or make-whole fundamental change occurs; (iv) the date any 2023 Notes are called for redemption; and (iv) March 15, 2023. The provisions described in this paragraph are referred to herein as the “1% provision.”

Adjustments to the conversion rate will be calculated to the nearest 1/10,000th.

To the extent permitted by law and the continued listing requirements of the NYSE, Helix may, from time to time, increase the conversion rate by any amount for a period of at least 20 business days or any longer period permitted or required by law, so long as the increase is irrevocable during that period and Helix's board of directors (or a committee thereof) determines that the increase is in Helix's best interests. Helix will send a notice of the increase to the Trustee, the conversion agent and the holders at least 15 days before the day the increase commences. In addition, Helix may, but is not obligated to, increase the conversion rate as Helix determines to be advisable in order to avoid or diminish taxes to recipients of certain distributions.

To the extent that any future rights plan (*i.e.*, a poison pill) adopted by Helix, is in effect, upon conversion of the 2023 Notes, holders of the 2023 Notes will receive, in addition to any shares of our common stock that are otherwise due upon conversion, the rights under such future rights plan in respect of such shares of our common stock, unless the rights have separated from our common stock at the time of conversion in accordance with the provisions of the applicable rights plan, in which case the conversion rate will be adjusted at the time of separation as if Helix had distributed to all holders of our common stock, shares of the capital stock of Helix, evidences of indebtedness, other assets, securities or property as described in clause (3)(a) under "- Adjustments to the Conversion Rate" above, subject to readjustment in the event of the expiration, termination or redemption of such rights. See "Description of capital stock."

In the event of an adjustment to the conversion rate, the holders of the 2023 Notes may, in certain circumstances, be deemed to have received a distribution subject to U.S. federal income tax as a dividend. This generally would occur, for example, if Helix adjusts the conversion rate to compensate holders for cash dividends on our common stock and could also occur if Helix makes other distributions of cash or property to Helix's shareholders. Any applicable withholding taxes (including backup withholding) with respect to deemed dividends may be withheld from payments of interest and payments of cash or our common stock upon conversion, repurchase or maturity of the 2023 Notes or sales proceeds received by a holder, or if any withholding taxes (including backup withholding) are paid on behalf of a holder, those amounts may be set off against such payments of cash or our common stock received by, or other funds or assets of, such holder.

**Events That Will Not Result in Adjustment**

The conversion rate will not be adjusted:

- upon the issuance of any shares of our common stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on Helix's securities and the investment of additional optional amounts in our common stock under any plan;
- upon the issuance of any shares of our common stock, restricted stock or restricted stock units, nonqualified stock options, incentive stock options or any other options or rights (including stock appreciation rights) to purchase shares of our common stock pursuant to any present or future employee, director or consultant benefit plan or program of, or assumed by, Helix or any of its subsidiaries;
- upon the issuance of any shares of our common stock pursuant to any option, warrant, right or exercisable, exchangeable or convertible security not described in the preceding bullet point and outstanding as of the date the 2023 Notes were first issued;
- for a third party tender offer by any party other than a tender offer by one or more of Helix's subsidiaries as described in clause (5) under the caption "- Adjustments to the Conversion Rate" above;
- solely pursuant to an odd-lot tender offer pursuant to Rule 13e-4(h)(5) under the Exchange Act;

- for accrued and unpaid interest, if any;
- upon the repurchase of any shares of our common stock pursuant to an open-market share repurchase program or other buy-back transaction, including structured or derivative transactions, that is not a tender offer or exchange offer of the nature described in clause (5) under the caption "- Adjustments to the Conversion Rate" above; or
- for a change in the par value of shares of our common stock.

**Change in the Conversion Right Upon Certain Reclassifications, Business Combinations and Asset Sales**

If Helix:

(1) reclassifies our common stock (other than a change only in par value or a change as a result of a subdivision or combination of our common stock);

(2) is party to a consolidation, merger or binding statutory share exchange; or

(3) sells, transfers, leases, conveys or otherwise disposes of all or substantially all of Helix's consolidated property or assets,

in each case pursuant to which our common stock would be converted into or exchanged for, or would constitute solely the right to receive, cash, securities or other property, including any combination thereof (such an event, a "common stock change event," and such cash, securities or property, the "reference property," and the amount and kind of reference property that a holder of one share of our common stock would be entitled to receive on account of such common stock change event (without giving effect to any arrangement not to issue or deliver a fractional portion of any security or other property), a "reference property unit"), then, notwithstanding anything to the contrary,

- at the effective time of such common stock change event, (i) the consideration due upon conversion of any note, and the conditions to any such conversion, will be determined in the same manner as if each reference to any number of shares of our common stock in the provisions described under this "- Conversion Rights" caption (or in any related definitions) were instead a reference to the same number of reference property units; (ii) for purposes of the redemption provisions described below under the caption "- Optional Redemption," each reference to any number of shares of our common stock in such provisions (or in any related definitions) will instead be deemed to be a reference to the same number of reference property units; and (iii) for purposes of the definition of "fundamental change," "change of control," "termination of trading" and "make-whole fundamental change," the terms "common stock" and "common equity" will be deemed to mean the common equity (or American Depositary Shares representing common equity), if any, forming part of such reference property;
- if such reference property unit consists entirely of cash, then Helix will be deemed to elect cash settlement in respect of all conversions whose conversion date occurs on or after the effective date of such common stock change event and will pay the cash due upon such conversions no later than the second business day after such conversion date; and
- for these purposes, the volume-weighted average price or closing sale price of any reference property unit or portion thereof that does not consist of a class of securities will be the fair value of such reference property unit or portion thereof, as applicable, determined in good faith by Helix (or, in the case of cash denominated in U.S. dollars, the face amount thereof).

If the common stock change event causes our common stock to be converted into, or exchanged for, the right to receive more than a single type of consideration (determined based in part upon any form of shareholder election), then the composition of the reference property unit will be deemed to be the weighted average of the types and amounts of consideration received by the holders of our common stock that affirmatively make such an election (or, if no such holders make an affirmative election, the weighted average of the types and amounts of consideration actually received by the holders of our common stock). Helix will notify holders of the weighted average as soon as practicable after such determination is made. Helix will not become a party to any such common stock change event unless its terms are consistent with the foregoing.

A change in the conversion right such as this could substantially lessen or eliminate the value of the conversion right. For example, if a third party acquires Helix in a cash merger, each note would be convertible solely into cash and would no longer be potentially convertible into securities whose value could increase depending on Helix's future financial performance, prospects and other factors. There is no precise, established definition of the phrase "all or substantially all of Helix's consolidated property or assets" under applicable law. Accordingly, there may be uncertainty as to whether the provisions above would apply to a sale, transfer, lease, conveyance or other disposition of less than all of Helix's consolidated property or assets.

**Adjustment to the Conversion Rate Upon the Occurrence of a Make-Whole Fundamental Change**

If, prior to the maturity date, there occurs any event or transaction (a "make-whole fundamental change") that constitutes a "fundamental change" as defined below under "- Holders May Require Helix to Repurchase their 2023 Notes Upon A Fundamental Change" and determined after giving effect to any exceptions to or exclusions from such definition (including, for the avoidance of doubt, after giving effect to the provision described in the proviso immediately after clause (3) of the definition of "change of control"), but excluding the "non-ownership change of control" exception, then, as described below under "- The Increase in the Conversion Rate," Helix will increase the conversion rate applicable to 2023 Notes that are converted with a conversion date that occurs at any time from, and including, the effective date of the make-whole fundamental change to, and including, the 35th business day after the effective date of the make-whole fundamental change (or, if the make-whole fundamental change also constitutes a fundamental change, as described under "- Holders May Require Helix to Repurchase their 2023 Notes Upon A Fundamental Change," to, and including, the fundamental change repurchase date for that fundamental change) (the "make-whole conversion period").

Helix will send to the Trustee, the conversion agent and the holders notice of the effective date of any make-whole fundamental change in accordance with the procedures described above under the caption "- Conditions for Conversion - Conversion upon the Occurrence of Certain Corporate Transactions."

***The Increase in the Conversion Rate***

In connection with the make-whole fundamental change, Helix will increase the conversion rate by reference to the table below, based on the date when the make-whole fundamental change becomes effective (the “effective date”), and the “applicable price” (as defined below). If the make-whole fundamental change is a transaction or series of related transactions described in clause (3) of the definition of “change of control” as defined below under “- Holders May Require Helix to Repurchase their 2023 Notes Upon A Fundamental Change,” and the consideration (excluding cash payments for fractional shares or pursuant to statutory dissenters’ or appraisal rights) for shares of our common stock in the make-whole fundamental change consists solely of cash, then the “applicable price” will be the cash amount paid per share of our common stock in the make-whole fundamental change. In all other cases, the “applicable price” will be the average of the closing sale prices of our common stock for the five consecutive trading days immediately preceding, but excluding, the relevant effective date. Helix’s board of directors (or a committee thereof) will make appropriate adjustments, in its good faith determination, to account for any adjustment to the conversion rate that becomes effective, or any event requiring an adjustment to the conversion rate where the “ex-dividend date” of the event occurs, at any time during those five consecutive trading days.

Upon surrender of 2023 Notes for conversion in connection with a make-whole fundamental change, Helix will, at its option, satisfy its conversion obligation by delivering or paying, as the case may be, shares of our common stock (together with cash in lieu of any fractional share), cash or a combination of cash and shares of our common stock (together with cash in lieu of any fractional share) as described under “- Settlement Elections.” However, if the consideration for our common stock in any make-whole fundamental change is comprised entirely of cash, then, for any conversion of 2023 Notes with a conversion date occurring on or after the effective date of such make- whole fundamental change, the conversion obligation will be calculated based solely on the applicable price for the transaction and will be deemed to be an amount, per $1,000 principal amount of converted 2023 Notes, equal to the applicable conversion rate (including any adjustment as described in this section), multiplied by such applicable price. In such event, the cash due upon conversion will be determined and paid to holders in cash on the second business day following such conversion date.

The following table sets forth the number of additional shares per $1,000 principal amount of 2023 Notes that will be added to the conversion rate applicable to the 2023 Notes that are converted during the make-whole conversion period. The increased conversion rate will be used to determine the consideration due upon conversion, as described under “- Settlement Upon Conversion” above. If an event occurs that requires an adjustment to the conversion rate, Helix will, on the date the conversion rate must be adjusted, adjust each applicable price set forth in the first column of the table below at the same time the conversion rate is so adjusted by multiplying the applicable price in effect immediately before the adjustment by a fraction:

- whose numerator is the conversion rate in effect immediately before the adjustment; and
- whose denominator is the adjusted conversion rate.

In addition, Helix will adjust the number of additional shares in the table below at the same time, in the same manner in which, and for the same events for which, Helix must adjust the conversion rate as described under “- Adjustments to the Conversion Rate.”

| | Applicable Stock Price | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Effective Date** | **$6.53** | **$7.50** | **$8.00** | **$8.50** | **$9.00** | **$9.47** | **$11.00** | **$12.31** | **$15.00** | **$20.00** | **$30.00** | **$45.00** | **$65.00** |
| March 20, 2018 | 47.5260 | 36.7853 | 32.6263 | 29.1471 | 26.2144 | 23.8627 | 18.1573 | 14.8570 | 10.5573 | 6.5220 | 3.1573 | 1.1458 | 0.0000 |
| September 15, 2018 | 47.5260 | 34.8307 | 30.5550 | 27.0082 | 24.0489 | 21.7001 | 16.1164 | 12.9862 | 9.0567 | 5.5490 | 2.7270 | 1.0249 | 0.0000 |
| September 15, 2019 | 47.5260 | 32.9253 | 28.4338 | 24.7506 | 21.7144 | 19.3369 | 13.8409 | 10.8944 | 7.3933 | 4.4875 | 2.2467 | 0.8853 | 0.0000 |
| September 15, 2020 | 47.5260 | 30.9160 | 26.0688 | 22.1471 | 18.9700 | 16.5290 | 11.1200 | 8.4208 | 5.4867 | 3.3060 | 1.6937 | 0.6971 | 0.0000 |
| September 15, 2021 | 47.5260 | 28.7480 | 23.2650 | 18.9082 | 15.4667 | 12.9071 | 7.6627 | 5.3907 | 3.3100 | 2.0125 | 1.0610 | 0.4538 | 0.0000 |
| September 15, 2022 | 47.5260 | 28.2351 | 19.9625 | 14.4329 | 10.2278 | 7.3527 | 2.8700 | 1.7002 | 0.9820 | 0.6260 | 0.3393 | 0.1500 | 0.0000 |
| September 15, 2023 | 47.5260 | 27.7200 | 19.3867 | 12.0338 | 5.4978 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |

The exact applicable price and effective date may not be as set forth in the table above, in which case:

- if the actual applicable price is between two applicable prices listed in the table above, or the actual effective date is between two effective dates listed in the table above, Helix will determine the number of additional shares by linear interpolation between the numbers of additional shares set forth for the higher and lower applicable prices, or for the earlier and later effective dates based on a 365- or 366-day year, as applicable;

- if the actual applicable price is greater than $65.00 per share (subject to adjustment in the same manner as the “applicable prices” in the table above), Helix will not increase the conversion rate; and

- if the actual applicable price is less than $6.53 per share (subject to adjustment in the same manner as the “applicable prices” in the table above), Helix will not increase the conversion rate.

However, Helix will not increase the conversion rate as described above to the extent the increase will cause the conversion rate to exceed 153.1393 shares of our common stock per $1,000 principal amount of 2023 Notes. Helix will adjust this maximum conversion rate in the same manner in which, and for the same events for which, Helix must adjust the conversion rate as described under “- Adjustments to the Conversion Rate.”

Helix’s obligation to increase the conversion rate as described above could be considered a penalty, in which case its enforceability would be subject to general principles of reasonableness of economic remedies.

**Optional Redemption**

Prior to March 15, 2021, the 2023 Notes will not be redeemable. Helix may, at its option, redeem (a “conversion price trigger redemption”) some or all of the 2023 Notes on a redemption date that occurs on or after March 15, 2021 if the closing sale price of our common stock has been at least 130% of the conversion price then in effect on (x) the trading day immediately preceding the date on which Helix provides a redemption notice and (y) for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which Helix provides such redemption notice. The redemption price for each $1,000 principal amount of 2023 Notes to be redeemed (the “conversion price trigger redemption price”) shall be payable in cash and shall be equal to the sum of (i) 100% of the principal amount of the 2023 Notes to be redeemed, plus (ii) accrued and unpaid interest, if any, to, but excluding, the redemption date, plus (iii) the make-whole premium (as defined below). Helix must make these make-whole premium payments on all 2023 Notes called for redemption prior to September 15, 2023, including 2023 Notes subject to redemption that are converted after the date Helix delivered the notice of redemption.

The “make-whole premium” means, in respect of any 2023 Notes called for a conversion price trigger redemption, the amount equal to the present value of the remaining scheduled payments of interest that would have been made on such 2023 Notes to be redeemed had such 2023 Notes remained

outstanding from the relevant redemption date to, and including, September 15, 2023 (excluding interest accrued to, but excluding, such redemption date, which shall otherwise be payable pursuant to clause (ii) of the definition of conversion price trigger redemption price set forth above), with such present value of the remaining interest payments computed using a discount rate per annum equal to the reference discount rate (as defined below) plus 50 basis points.

The “reference discount rate” means, in respect of any make-whole premium, the yield to maturity of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the relevant redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from such redemption date to the maturity date; *provided*, *however*, that if the period from such redemption date to the maturity date is less than one year, the weekly average yield on actively traded United States Treasury securities adjusted to a constant maturity of one year will be used. Any such reference discount rate shall be obtained by Helix.

If the redemption date occurs after a 2023 Record Date and on or prior to the immediately succeeding interest payment date, (i) accrued and unpaid interest shall be paid on such interest payment date to the record holder on the relevant 2023 Record Date, (ii) the redemption price will not include any accrued and unpaid interest, and (iii) the make-whole premium shall equal the present value of all remaining scheduled payments of interest on such 2023 Notes, starting with the next interest payment date for which interest has not been provided for (but otherwise calculated as described in the definition of make-whole premium).

Helix will provide notice of redemption to each holder of 2023 Notes to be redeemed at least 45, but no more than 65, scheduled trading days before the related redemption date. If the redemption notice is given and funds are deposited as required, then interest will cease to accrue on and after the redemption date on those 2023 Notes or portions of 2023 Notes called for redemption (other than as described in clause (i) of the immediately preceding paragraph).

Once Helix has called the 2023 Notes for redemption, 2023 Notes or portions of 2023 Notes will be convertible by the holder until the close of business on the second business day prior to the redemption date, unless Helix fails to pay the redemption price.

If Helix decides to redeem fewer than all of the outstanding 2023 Notes, then, subject to applicable DTC rules, the Trustee will select the 2023 Notes to be redeemed (in principal amounts of $1,000 or integral multiples thereof) by lot, on a pro rata basis or by another method the Trustee considers fair and appropriate. If the Trustee selects a portion of a holder’s 2023 Notes for partial redemption and the holder converts a portion of its 2023 Notes, the converted portion will be deemed to be from the portion selected for redemption.

Helix may not redeem any 2023 Notes if the principal amount of the 2023 Notes has been accelerated and such acceleration has not been rescinded on or before the redemption date (including as a result of the payment of the related redemption price and any related interest described above on the redemption date).

**Holders May Require Helix to Repurchase their 2023 Notes Upon a Fundamental Change**

If a “fundamental change,” as described below, occurs, each holder will have the right, at its option, subject to the terms and conditions of the 2023 Indenture, to require Helix to repurchase for cash all or any portion of the holder’s 2023 Notes in integral multiples of $1,000 principal amount, at a price equal to 100% of the principal amount of the 2023 Notes to be repurchased, plus, except as described below, any accrued and unpaid interest, if any, to, but excluding, the “fundamental change repurchase date,” as described below. However, if the fundamental change repurchase date is after a 2023 Record Date for

the payment of an installment of interest and on or before the related interest payment date, then the full amount of interest due on that interest payment date will be payable, on that interest payment date, to the holder of record at the close of business on the 2023 Record Date, and the fundamental change repurchase price will not include any accrued and unpaid interest.

Helix must repurchase the 2023 Notes on a date of Helix's choosing (the "fundamental change repurchase date"). However, the fundamental change repurchase date shall be no later than 35 days, and no earlier than 20 days, after the date Helix sends the relevant notice of the fundamental change, as described below.

Within 20 business days after the occurrence of a fundamental change, Helix must send to all holders of 2023 Notes, and to beneficial owners as required by applicable law, a notice regarding the fundamental change. The notice must state, among other things:

- the events causing the fundamental change;
- the date of the fundamental change;
- the fundamental change repurchase date;
- the last date on which a holder may exercise its fundamental change repurchase right, which will be the second business day immediately preceding the fundamental change repurchase date;
- the fundamental change repurchase price;
- the names and addresses of the paying agent and the conversion agent;
- the procedures that a holder must follow to exercise its fundamental change repurchase right;
- the conversion rate and any adjustments to the conversion rate that will result from the fundamental change; and
- that 2023 Notes with respect to which a holder has delivered a fundamental change repurchase notice may be converted, if otherwise convertible, only if the holder withdraws the fundamental change repurchase notice in accordance with the terms of the 2023 Indenture.

To exercise the fundamental change repurchase right with respect to any certificated 2023 Notes, a holder must deliver the 2023 Notes to be repurchased, duly endorsed for transfer, together with a written fundamental change repurchase notice to the paying agent no later than the close of business on the second business day immediately preceding the fundamental change repurchase date. This written notice must state:

- the certificate numbers of the 2023 Notes that the holder will deliver for repurchase, if they are in certificated form;
- the principal amount of the 2023 Notes to be repurchased, which must be an integral multiple of $1,000; and
- that the 2023 Notes are to be repurchased by Helix pursuant to the fundamental change provisions of the 2023 Indenture.

A holder may withdraw any fundamental change repurchase notice by delivering to the paying agent a written notice of withdrawal prior to the close of business on the second business day immediately preceding the fundamental change repurchase date. The notice of withdrawal must state:

- the name of the holder;
- a statement that the holder is withdrawing its election to require Helix to repurchase its 2023 Notes;
- the certificate numbers of the 2023 Notes being withdrawn, if they are in certificated form;
- the principal amount of 2023 Notes being withdrawn, which must be an integral multiple of $1,000; and
- the principal amount, if any, of the 2023 Notes that remain subject to the fundamental change repurchase notice, which must be an integral multiple of $1,000.

If the 2023 Notes are not in certificated form, the above notices must instead comply with appropriate DTC procedures no later than the close of business on the second business day immediately preceding the fundamental change repurchase date.

Helix will pay the fundamental change repurchase price no later than the later of the fundamental change repurchase date and the time of book-entry transfer or delivery of the note, together with necessary endorsements.

If the paying agent holds on the fundamental change repurchase date money sufficient to pay the fundamental change repurchase price due on all 2023 Notes surrendered for repurchase in accordance with the terms of the 2023 Indenture, then, on and after the fundamental change repurchase date, such 2023 Notes will cease to be outstanding and (except as described in the last sentence of the first paragraph under this “- Holders May Require Helix to Repurchase their 2023 Notes Upon A Fundamental Change” section) interest on such 2023 Notes will cease to accrue, whether or not the book-entry transfer of the 2023 Notes is made or whether or not the holder delivers the 2023 Notes to the paying agent. Thereafter, all other rights of the relevant holders terminate, other than the right to receive the fundamental change repurchase price upon book-entry transfer or delivery of the note (and, if applicable, the right to receive interest).

A “fundamental change” will be deemed to occur upon the occurrence of a “change of control” or a “termination of trading.”

A “change of control” generally will be deemed to occur at such time as:

(1) any “person” or “group” (as those terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than Helix, its wholly owned subsidiaries and its and their employee benefit plans, files a Schedule TO or any schedule, form or report with the SEC that discloses that such person or group has become the “beneficial owner” (as that term is used in Rule 13d-3 under the Exchange Act), directly or indirectly, of 50% or more of the total outstanding voting power of all classes of Helix’s common equity entitled to vote generally in the election of directors (“voting stock”);

(2) (a) there occurs a sale, transfer, lease, conveyance or other disposition of all or substantially all of Helix’s consolidated property or assets to any “person” or “group” (as those terms are used in Sections 13(d) and 14(d) of the Exchange Act), including any group acting for the purpose of acquiring, holding, voting or disposing of securities within the meaning of Rule 13d-5(b)(1) under the Exchange Act, other than one of Helix’s wholly owned subsidiaries; or (b) Helix consolidates with, or merge, or combine pursuant to a binding statutory share exchange, with or into, another person or any person consolidates with, or merges, or combines pursuant to a binding statutory share exchange, with or into, Helix, or any other transaction or series of transactions (other than changes

resulting solely from a subdivision or combination of our outstanding common stock) occurs pursuant to which our common stock would be converted into or exchanged for, or would constitute solely the right to receive, cash, securities or other property, including any combination thereof; provided, however, that (i) a transaction described in clause (b) in which the persons that "beneficially owned," directly or indirectly, the shares of Helix's voting stock immediately prior to such transaction "beneficially own," directly or indirectly, immediately after such a consolidation, merger or binding statutory share exchange, shares of the surviving or continuing corporation's voting stock representing at least a majority of the total outstanding voting power of all outstanding classes of voting stock of the surviving or continuing corporation (or its parent entity) in substantially the same proportion as such ownership immediately prior to such a consolidation, merger or binding statutory share exchange will not constitute a change of control pursuant to this clause (2) (such a consolidation, merger, combination or binding statutory share exchange described in this proviso, a "non-ownership change of control"); and (ii) a transaction described in clause (b)above that is effected solely to change the jurisdiction of Helix's organization and that satisfies the proviso immediately following paragraph (3) below will not constitute a change of control pursuant to this clause (2); or

(3) Helix is liquidated or dissolved or holders of Helix's capital stock approve any plan or proposal for Helix's liquidation or dissolution;

*provided*, *however*, that a transaction or event described in clauses (1) or (2) above will not constitute a change of control (and for the avoidance of doubt, Helix is not required to deliver the notice incidental thereto) if at least 90% of the consideration received or to be received by the holders of our common stock (excluding cash payments for fractional shares or pursuant to statutory dissenters' or appraisal rights), in connection with such transaction or event, consists of common equity listed (or depositary receipts representing common equity, which depositary receipts are listed) on any of The New York Stock Exchange, The NASDAQ Global Market or The NASDAQ Global Select Market (or any of their respective successors), or that will be so listed when issued or exchanged in connection with such transaction or event, and such transaction or event constitutes a common stock change event whose reference property consists of such consideration.

For the purposes of this definition, any transaction or event described in both clause (1) and in clause (2)(i) or (2)(ii) above will be deemed to occur solely pursuant to clause (2) above.

There is no precise, established definition of the phrase "all or substantially all of Helix's consolidated property or assets" under applicable law. Accordingly, there may be uncertainty as to whether a transfer, lease, conveyance or other disposition of less than all of Helix's consolidated property or assets would permit a holder to exercise its right to have Helix repurchase its 2023 Notes in accordance with the fundamental change provisions described above.

A "termination of trading" is deemed to occur if shares of our common stock are not listed for trading on NYSE, The NASDAQ Global Select Market or The NASDAQ Global Market (or any of their respective successors).

Helix may not have the financial resources, and may not be able to arrange for financing, to pay the fundamental change repurchase price for all 2023 Notes holders have elected to have Helix repurchase. Furthermore, the terms of Helix's existing or future indebtedness may limit Helix's ability to pay the repurchase price to repurchase 2023 Notes. Helix's failure to repurchase the 2023 Notes when required would result in an event of default with respect to the 2023 Notes. The exercise by holders of the 2023 Notes of their right to require Helix to repurchase their 2023 Notes upon a fundamental change could cause a default under Helix's other outstanding indebtedness, even if the fundamental change itself does not.

Furthermore, holders may not be entitled to require Helix to repurchase their 2023 Notes in certain circumstances involving a significant change in the composition of Helix's board of directors that does not occur in connection with a transaction that otherwise constitutes a fundamental change.

Helix may in the future enter into transactions, including recapitalizations, that would not constitute a fundamental change but that would increase Helix's debt or otherwise adversely affect holders. The 2023 Indenture for the 2023 Notes does not restrict Helix's or its subsidiaries' ability to incur indebtedness, including senior or secured indebtedness. Helix's incurrence of additional indebtedness could adversely affect its ability to service its indebtedness, including the 2023 Notes.

In addition, the fundamental change repurchase feature of the 2023 Notes would not necessarily afford holders of the 2023 Notes protection in the event of highly leveraged or other transactions involving Helix that may adversely affect holders of the 2023 Notes. Furthermore, the fundamental change repurchase feature of the 2023 Notes may in certain circumstances deter or discourage a third party from acquiring Helix, even if the acquisition may be beneficial to holders of the 2023 Notes.

In connection with any fundamental change offer, Helix will, to the extent applicable:

- comply with the provisions of Rule 13e-4 and Regulation 14E and all other applicable laws;
- file a Schedule TO or any other required schedule under the Exchange Act or other applicable laws; and
- otherwise comply with all applicable federal and state securities laws in connection with any offer by Helix to purchase the 2023 Notes.

Notwithstanding anything to the contrary herein, to the extent that compliance with this "- Holders May Require Helix to Repurchase their 2023 Notes Upon A Fundamental Change" would result in a violation of any federal or state securities laws or other applicable laws or regulations, Helix will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations by virtue of the conflict.

No 2023 Notes may be repurchased by Helix at the option of the holders upon a fundamental change if the principal amount of the 2023 Notes has been accelerated and such acceleration has not been rescinded on or before the fundamental change repurchase date (including as a result of the payment of the related fundamental change repurchase price and any related interest described above on the fundamental change repurchase date).

**Consolidation, Merger and Sale of Assets**

The 2023 Indenture prohibits Helix from consolidating with, or merging with or into, or selling, transferring, leasing, conveying or otherwise disposing of all or substantially all of its consolidated property or assets to, another person, whether in a single transaction or series of related transactions, unless, among other things:

- Helix is the continuing corporation or such other person is a corporation organized and existing under the laws of the United States, any state of the United States or the District of Columbia and such other person assumes all of Helix's obligations under the 2023 Notes and the 2023 Indenture; and
- immediately after giving effect to such transaction, there is no event of default, and no event that, after notice or passage of time or both, would become an event of default.

When the successor assumes all of Helix's obligations under an indenture, except in the case of a lease, Helix's obligations under the 2023 Indenture will terminate.

Some of the transactions described above could constitute a fundamental change that permits holders to require Helix to repurchase their 2023 Notes, as described under "- Holders May Require Helix to Repurchase their 2023 Notes Upon A Fundamental Change."

There is no precise, established definition of the phrase "all or substantially all of Helix's consolidated property or assets" under applicable law. Accordingly, there may be uncertainty as to whether the provisions above would apply to a sale, transfer, lease, conveyance or other disposition of less than all of Helix's consolidated property or assets.

**Events of Default**

The following constitute defaults under the 2023 Indenture, subject to any additional limitations and qualifications included in the 2023 Indenture:

(1) following the exercise by the holder of the right to convert the 2023 Notes, Helix fails to comply with its obligation to deliver the consideration due upon conversion, and such failure continues for a period of five days or more;

(2) Helix fails to provide notice of a fundamental change or make-whole fundamental change as required by the 2023 Indenture, in each case when due and such failure continues for a period of five days or more;

(3) a default in the payment of principal of, or the redemption price or fundamental change repurchase price for, any note when due at maturity, upon redemption, upon repurchase or otherwise;

(4) a default in the payment of any interest on the 2023 Notes when due and such failure continues for a period of 30 days past the applicable due date;

(5) the failure by Helix to perform or observe any of its other covenants or warranties in the 2023 Indenture or in the 2023 Notes for 90 days after written notice to Helix from the Trustee or to Helix and the Trustee from the holders of at least 25% in principal amount of the outstanding 2023 Notes has been received by Helix;

(6) a failure to pay when due at maturity or a default that results in the acceleration of any indebtedness for borrowed money of Helix or its subsidiaries (other than indebtedness that is non-recourse to Helix or any of its subsidiaries) in an aggregate amount of $25.0 million (or its foreign currency equivalent) or more, unless such failure is cured or such acceleration is rescinded, stayed or annulled within 30 days after written notice to Helix from the Trustee or to Helix and the Trustee from the holders of at least 25% in principal amount of the outstanding 2023 Notes has been received by Helix; and

(7) certain events involving Helix's or one of its significant subsidiary's (as defined in Article 1, Rule 1-02 of Regulation S-X) bankruptcy, insolvency or reorganization.

The foregoing will constitute events of default whatever the reason for any such event of default and whether it is voluntary or involuntary or is effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body.

If a default under the 2023 Indenture occurs and is continuing and is known to the Trustee, the Trustee must send to each holder of the 2023 Notes notice of the default within 90 days after it occurs. The Trustee may withhold notice to the holders of the 2023 Notes of a default (except defaults in the payment of the principal of or interest on the 2023 Notes) if the Trustee considers it to be in the interest of the holders of the 2023 Notes to withhold this notice.

If an event of default (other than an event of default relating to certain events of bankruptcy, insolvency or reorganization of Helix) occurs and continues, the Trustee or the holders of at least 25% in principal amount of the outstanding 2023 Notes may declare the principal and accrued and unpaid interest on the outstanding 2023 Notes to be immediately due and payable. In case of certain events of bankruptcy, insolvency or reorganization involving Helix (and not solely involving one or more of Helix's significant subsidiaries), the principal and accrued and unpaid interest on the 2023 Notes will automatically become immediately due and payable. Under certain circumstances, the holders of a majority in principal amount of the outstanding 2023 Notes may rescind such acceleration with respect to the 2023 Notes and, as is discussed below, waive these past defaults.

The holders of a majority in principal amount of outstanding 2023 Notes will have the right to direct the time, method and place of any proceedings for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee, subject to limitations specified in the 2023 Indenture. The Trustee, however, may refuse to follow any direction that conflicts with law or the 2023 Indenture or that the Trustee determines is unduly prejudicial to the rights of any other holder of the 2023 Notes or that would involve the Trustee in personal liability. Prior to taking any action under the 2023 Indenture, the Trustee will be entitled to indemnification satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action.

The holders of a majority in principal amount of outstanding 2023 Notes may, by notice to the Trustee, waive any past defaults under the 2023 Indenture, except a default due to the non-payment of principal or interest, if any, a failure to convert any 2023 Notes into our common stock when required pursuant to the terms of the 2023 Indenture, a default arising from Helix's failure to redeem or repurchase any 2023 Notes when required pursuant to the terms of the 2023 Indenture or a default in respect of any covenant that cannot be amended without the consent of each holder affected.

No holder of the 2023 Notes may pursue any remedy under the 2023 Indenture, except in the case of a default due to the non-payment of principal or interest, on the 2023 Notes, unless:

- the holder has given the Trustee written notice of a default;
- the holders of at least 25% in principal amount of outstanding 2023 Notes make a written request to the Trustee to pursue the remedy;
- the Trustee does not receive an inconsistent direction from the holders of a majority in principal amount of outstanding 2023 Notes;
- the holder or holders have offered reasonable security or indemnity to the Trustee against any costs, liability or expense of the Trustee; and
- the Trustee fails to comply with the request within 60 days after receipt of the request and offer of indemnity.

The 2023 Indenture requires Helix (i) every year to deliver to the Trustee a statement as to performance of Helix's obligations under the 2023 Indenture and as to any default and (ii) to deliver to the Trustee prompt notice of any default.

A default in the payment of the 2023 Notes, or a default with respect to the 2023 Notes that causes them to be accelerated, may give rise to a cross-default under Helix's existing borrowing arrangements.

Notwithstanding anything to the contrary described above, Helix may elect that the sole remedy for any event of default (a "reporting event of default") pursuant to clause (5) above arising from Helix's failure to comply with its obligations described below under the caption "- Exchange Act Reports" will, for each of the first 180 calendar days on which a reporting event of default has occurred and is continuing,

consist exclusively of the accrual of special interest on the 2023 Notes. If Helix has made such an election, then (i) the 2023 Notes will be subject to acceleration as described above on account of the relevant reporting event of default from, and including, the 181st calendar day on which a reporting event of default has occurred and is continuing or if Helix fails to pay any accrued and unpaid special interest when due; and (ii) special interest will cease to accrue on any 2023 Notes from, and including, such 181st calendar day.

Any special interest that accrues on a note will be payable on the same dates and in the same manner as the stated interest on such note and will accrue at a rate per annum equal to 0.25% of the principal amount thereof. For the avoidance of doubt, any special interest that accrues on a note will be in addition to the stated interest that accrues on such note. Each reference in this “Description of the 2023 Notes” to interest on any note includes special interest, if any, that has accrued on such note, unless the context requires otherwise.

To make the election to pay special interest as described above, Helix must provide notice of such election to noteholders before the date on which each reporting event of default first occurs. The notice will also, among other things, briefly describe the periods during which and rate at which special interest will accrue and the circumstances under which the 2023 Notes will be subject to acceleration on account of such reporting event of default.

**Exchange Act Reports**

Helix will send to the Trustee copies of all reports that Helix is required to file with or furnish to the SEC pursuant to Section 13(a) or 15(d) of the Exchange Act within 15 calendar days after the date that Helix is required to so file or furnish the same (after giving effect to all applicable grace periods under the Exchange Act). However, Helix does not need to send to the Trustee any material for which Helix has received, or are seeking in good faith and have not been denied, confidential treatment by the SEC. Any report that Helix files with or furnishes to the SEC through the EDGAR system (or any successor thereto) will be deemed to be sent to the Trustee at the time such report is so filed or furnished via the EDGAR system (or such successor).

**Amendment and Modification**

The consent of the holders of a majority in principal amount of the outstanding 2023 Notes is required to modify or amend the 2023 Indenture. However, a modification or amendment requires the consent of the holder of each outstanding note affected by such modification or amendment if it would:

- reduce the principal amount of or change the stated maturity of any note;
- reduce the rate or extend the time for payment of interest on any note;
- reduce any amount payable upon redemption or repurchase of any note (including upon the occurrence of a fundamental change) or change the time at which or circumstances under which the 2023 Notes may or shall be redeemed or repurchased;
- impair the right of a holder to receive payment on any note (including any consideration due upon conversion) or to bring suit for the enforcement of any such payment;
- change the currency in which any note is payable;
- impair the right of a holder to convert any note or reduce the number of common shares or any other property receivable upon conversion;
- reduce the quorum or voting requirements under the 2023 Indenture;

- change Helix's obligation to maintain an office or agency in the places and for the purposes specified in the 2023 Indenture;
- change the contractual priority in right of payment of the 2023 Notes as obligations of Helix's that are (i) senior in right of payment to Helix's existing and future indebtedness that is expressly subordinated by contract to the 2023 Notes and (ii) equal in right of payment with Helix's existing and future indebtedness that is not so expressly subordinated (it being understood, for the avoidance of doubt, that (x) the 2023 Notes will not be deemed to be subordinated in right of payment to any other indebtedness solely because the 2023 Notes are unsecured and such other indebtedness is secured; and (y) the 2023 Notes will not be deemed to be subordinated in right of payment to any indebtedness of Helix's subsidiaries that do not guarantee the 2023 Notes);
- subject to specified exceptions, amend or modify certain of the provisions of the 2023 Indenture relating to amendment or modification or waiver of provisions of the 2023 Indenture; or
- reduce the percentage of 2023 Notes required for consent to any amendment or modification of the 2023 Indenture.

However, notwithstanding anything to the contrary described above, Helix and the Trustee may modify certain provisions of the 2023 Indenture or the 2023 Notes without the consent of the holders of the 2023 Notes, including to:

- add guarantees with respect to the 2023 Notes or secure the 2023 Notes;
- provide for the release of any guarantees added pursuant to the preceding bullet;
- evidence the assumption of Helix's obligations by a successor person pursuant to the provisions described under the caption "- Consolidation, Merger and Sale of Assets" above;
- enter into supplemental indentures pursuant to, and in accordance with, the provisions described above under the caption "- Conversion Rights - Change in the Conversion Right Upon Certain Reclassifications, Business Combinations and Asset Sales" in connection with a common stock change event, including to provide that the 2023 Notes are convertible into reference property and make any other change required by or resulting from, but subject to, the provisions described under such caption;
- surrender any of Helix's rights or powers under the 2023 Indenture;
- add covenants or events of default for the benefit of the holders of 2023 Notes;
- cure any ambiguity or correct any mistake, defect or inconsistency in the 2023 Indenture or the 2023 Notes;
- modify or amend the 2023 Indenture to permit the qualification of the 2023 Indenture or any supplemental indenture under the Trust Indenture Act as then in effect;
- comply with the rules of any applicable securities depositary for the 2023 Notes, including DTC;
- establish the forms or terms of the 2023 Notes;
- evidence the acceptance of appointment by a successor trustee;

- irrevocably elect or eliminate any settlement method or specified cash amount; provided, however, that no such election or elimination will affect any settlement method theretofore elected (or deemed to be elected) with respect to any note pursuant to the provisions described above under the caption "- Conversion Rights - Settlement Elections";

- provide for uncertificated 2023 Notes in addition to or in place of certificated 2023 Notes; provided, however, that the uncertificated 2023 Notes are issued in registered form for U.S. Federal income tax purposes;

- provide for or confirm the issuance of additional 2023 Notes pursuant to the 2023 Indenture;

- conform, as necessary, the 2023 Indenture and the form or terms of the 2023 Notes, to the "Description of Notes" as set forth in the prospectus supplement and the pricing term sheet related to the 2023 Notes; and

- make other changes to the 2023 Indenture or forms or terms of the 2023 Notes, provided no such change individually or in the aggregate with all other such changes has or will have a material adverse effect on the interests of the holders of the 2023 Notes.

The holders of a majority in aggregate principal amount of the outstanding 2023 Notes may, on behalf of all the holders of all 2023 Notes, waive all compliance by Helix with provisions in the 2023 Indenture, as detailed in the 2023 Indenture (other than the provisions of the 2023 Indenture whose modification or amendment otherwise requires the consent of the holder of each outstanding note affected by such modification or amendment as described above); or waive any past default or event of default under the 2023 Indenture and its consequences, except a default or event of default in the payment of any amount due, or in the obligation to deliver consideration upon conversion or with respect to any note or in respect of any provision which under the 2023 Indenture cannot be modified or amended without the consent of the holder of each outstanding note affected.

**Satisfaction and Discharge**

Helix may satisfy and discharge its obligations under the 2023 Indenture by delivering to the Trustee for cancellation all outstanding 2023 Notes or by depositing with the Trustee or delivering to the holders, as applicable, after all then-outstanding 2023 Notes have become due and payable, whether at the stated maturity, or any redemption date or fundamental change repurchase date, or upon conversion or otherwise, cash (or, if applicable with respect to any conversion shares of our common stock or other reference property) sufficient to pay all of the outstanding 2023 Notes and paying all other sums payable under the 2023 Indenture by Helix. Such discharge is subject to terms contained in the 2023 Indenture.

**Calculations in Respect of 2023 Notes**

Helix will be responsible for making all calculations called for under the 2023 Notes. These calculations include, but are not limited to, determinations of the market prices of our common stock, the amount of accrued interest payable on the 2023 Notes, the closing sale prices, the volume-weighted average prices, the conversion price of the 2023 Notes, any conversion values, daily settlement amounts and the conversion rates of the 2023 Notes, including adjustments to any of the foregoing required by the 2023 Indenture. Helix will make all these calculations in good faith, and, absent manifest error, its calculations will be final and binding on holders of 2023 Notes. Helix will provide a schedule of its calculations to each of the Trustee and the conversion agent, and each of the Trustee and the conversion agent is entitled to rely upon the accuracy of Helix's calculations without independent verification. The Trustee will forward Helix's calculations to any holder of 2023 Notes upon the request of that holder.

**No Personal Liability of Directors, Officers, Employees or Shareholders**

None of Helix's past, present or future directors, officers, employees or shareholders, as such, will have any liability for any of Helix's obligations under the 2023 Notes or the 2023 Indenture or for any claim based on, or in respect or by reason of, such obligations or their creation. By accepting a note, each holder waives and releases all such liability. This waiver and release is part of the consideration for the issue of the 2023 Notes. However, this waiver and release may not be effective to waive liabilities under U.S. federal securities laws, and it is the view of the SEC that such a waiver is against public policy.

**Unclaimed Money**

If money deposited with the Trustee or paying agent for the payment of principal of, or accrued and unpaid interest on, the 2023 Notes remains unclaimed for two years, the Trustee and paying agent will pay the money back to Helix upon Helix's written request. However, the Trustee and paying agent have the right to withhold paying the money back to Helix until they publish (in no event later than five days after Helix requests repayment) in a newspaper of general circulation in the City of New York, or send to each holder, a notice stating that the money will be paid back to Helix if unclaimed after a date no less than 30 days from the publication or sending, in each case at Helix's cost. After the Trustee or paying agent pays the money back to Helix, holders of 2023 Notes entitled to the money must look to Helix for payment as general creditors, subject to applicable law, and all liability of the Trustee and the paying agent with respect to the money will cease.

**Replacement of 2023 Notes**

Helix will replace mutilated, lost, destroyed or stolen 2023 Notes at the holder's expense upon delivery to the Trustee of the mutilated 2023 Notes or evidence of the loss, destruction or theft of the 2023 Notes satisfactory to the Trustee and Helix. In the case of a lost, destroyed or stolen note, Helix or the Trustee may require, at the expense of the holder, indemnity (including in the form of a bond) satisfactory to Helix and the Trustee.

**Trustee, Conversion Agent and Paying Agent**

Helix appointed The Bank of New York Mellon Trust Company, N.A., as the trustee under the 2023 Indenture, and as paying agent, conversion agent, note registrar and custodian for the 2023 Notes. The trustee or its affiliates may also provide banking and other services to Helix in the ordinary course of their business.

**Book-Entry Delivery and Form**

***General***

The 2023 Notes were issued in registered, global form in denominations of integral multiples of $1,000 principal amount.

The 2023 Notes were initially represented by one or more permanent global certificates in definitive, fully registered form without interest coupons (the "global securities").

The global securities were deposited upon issuance with the Trustee as custodian for DTC in New York, New York, and registered in the name of DTC or its nominee for credit to an account of a direct or indirect participant in DTC (including Euroclear or Clearstream).

Except as set forth below, the global securities may be transferred, in whole and not in part, only to DTC, to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the global securities may not be exchanged for 2023 Notes in certificated form except in the limited circumstances described below under "- Exchange of Book-Entry Securities for Certificated Securities."

Transfers of beneficial interests in the global securities will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time.

***Exchange of Book-Entry Securities for Certificated Securities***

The global securities are exchangeable for certificated securities in definitive, fully registered form without interest coupons only if:

- DTC notifies Helix that it is unwilling or unable to continue as depositary for that global security or ceases to be a clearing agency registered under the Exchange Act and, in either case, Helix does not appoint a successor depositary within 90 days of such notice or cessation; or
- an event of default has occurred and is continuing, at the request of a beneficial owner of the 2023 Notes.

**Governing Law**

The 2023 Indenture and the 2023 Notes are governed by and construed in accordance with the laws of the State of New York.

**EXHIBIT 21.1**

| Name of Subsidiary | Jurisdiction of Formation |
|---|---|
| Cal Dive I-Title XI, Inc. | Texas |
| Helix Robotics Solutions, Inc. | Texas |
| Helix Robotics Solutions International Corp. | Texas |
| Helix Robotics Solutions Limited | Scotland |
| Deepwater Abandonment Alternatives, Inc. | Texas |
| Energy Resource Technology (U.K.) Limited | Scotland |
| ERT Camelot Limited | Scotland |
| Helix do Brasil Serviços de Petróleo Ltda | Brazil |
| Helix Energy Solutions (U.K.) Limited | Scotland |
| Helix Group Holdings S.à r.l. | Grand Duchy of Luxembourg |
| Helix Offshore Crewing Services Limited | Scotland |
| Helix Offshore Crewing Services PTE. Ltd. | Singapore |
| Helix Offshore International Holdings S.à r.l. | Grand Duchy of Luxembourg |
| Helix Offshore International, Inc. | Texas |
| Helix Offshore Ltd. | Cayman Islands |
| Helix Offshore Holdings Ltd. | Cayman Islands |
| Helix Offshore Services A.S. | Norway |
| Helix Offshore Services Limited | Scotland |
| Helix Offshore Services S.à r.l. | Grand Duchy of Luxembourg |
| Helix Oil & Gas (U.K.) Limited | Scotland |
| Helix Property Corp. | Texas |
| Helix Q5000 Holdings S.à r.l. | Grand Duchy of Luxembourg |
| Helix Q7000 Vessel Holdings S.à r.l. | Grand Duchy of Luxembourg |
| Helix Subsea Construction, Inc. | Delaware |
| Helix Vessel Finance S.à r.l. | Grand Duchy of Luxembourg |
| Helix Well Ops Inc. | Texas |
| Helix Well Ops (U.K.) Limited | Scotland |
| Independence Hub, LLC (20%) | Delaware |
| Kommandor LLC | Delaware |
| Offshore Well Services, S. de R.L. de C.V. | Mexico |
| Subsea Technologies (Aberdeen) Limited (70%) | Scotland |
| Subsea Technologies Group Limited (70%) | Scotland |
| Subsea Technologies Limited (70%) | Scotland |
| Subsea Technologies (UK) Limited (70%) | Scotland |

**EXHIBIT 23.1**

**Consent of Independent Registered Public Accounting Firm**

The Board of Directors
Helix Energy Solutions Group, Inc.:

We consent to the incorporation by reference in the registration statement (Nos. 333-214259, 333-179937, 333-103451, and 333-234325) on Form S-3 and (Nos. 333-183532, 333-126248, and 333-58817) on Form S-8 of Helix Energy Solutions Group, Inc. of our reports dated February 27, 2020, with respect to the consolidated balance sheets of Helix Energy Solutions Group, Inc. as of December 31, 2019 and 2018, the related consolidated statements of operations, comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes and the effectiveness of internal control over financial reporting as of December 31, 2019, which reports appear in the December 31, 2019 annual report on Form 10-K of Helix Energy Solutions Group, Inc. Our report refers to a change in the method of accounting for leases as of January 1, 2019 due to the adoption of FASB ASU 2016-02, *Leases*.

/s/ KPMG LLP

Houston, Texas
February 27, 2020

**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 Annual Report on Form 10-K 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: February 27, 2020

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

**EXHBIT 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 Annual Report on Form 10-K 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: February 27, 2020

/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**
(As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with the Annual Report of Helix Energy Solutions Group, Inc. ("Helix") on Form 10-K for the year ended December 31, 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: February 27, 2020

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

Date: February 27, 2020

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