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2002 SECOND QUARTER REPORT

August 1, 2002

To Our Shareholders:

A special welcome to those new CDIS shareholders who managed to hang on through a two month rollercoaster ride every bit as exciting as the Serial Thriller at Houston's AstroWorld Amusement Park. We were pleased that 11 of the 15 largest institutional buyers of the 4.0 million shares sold in late May were new to Cal Dive, with the remaining four longtime CDIS investors. The $87 million of net proceeds were quickly deployed to acquire assets less susceptible to the volatility of the offshore construction markets. Specifically, the Coflexip Well Operations Unit and its principal asset, the *Seawell*, provide life-of-field services in the mature North Sea basin while also expanding the international beachhead established there with Canyon Offshore. We expect that ERT will utilize the balance of the funding from the new equity to significantly increase our base of mature properties on the Outer Continental Shelf. We are writing this letter in what should be the most active period of the GOM construction season, yet very little is happening offshore. Weaker than expected market conditions on several fronts which impact the downstream offshore construction market are causing us to lower current year EPS guidance from a range of 85 cents to 95 cents to 75 cents to 85 cents.

Financial Highlights

Net income of $7.2 million was a respectable 10% of revenues as the deployment of new Deepwater vessels enabled us to more than double Q1 earnings.

	Second Quarter			Six Months		
	2002	2001	Increase <Decrease>	2002	2001	Increase <Decrease>
Revenues	$72,305,000	$48,786,000	48%	$126,233,000	$107,268,000	18%
Net Income	7,214,000	7,546,000	(4%)	10,215,000	18,320,000	(44%)
Diluted Earnings Per Share	0.21	0.23	(9%)	0.30	0.55	(45%)

- **Revenues:** Adding four Deepwater construction vessels and Canyon robotics provided almost $29 million of incremental contracting revenues. This improvement was offset in part by natural gas and oil revenues declining by $3.6 million from Q2 of 2001.

- **Margins:** 24% represents a 3% sequential increase from Q1 with all of that improvement coming in our contracting businesses. That in no way implies we are satisfied with the 18% margins realized by our Subsea and Salvage segment. We are quite pleased that ERT continues to deliver margins of 50%, which it has demonstrated it can do over the years with a $3.00 natural gas price.

- **SG&A:** $6.2 million continues at Q1 levels, with the increase over the prior year due to the Canyon acquisition. Overhead was 9% of revenues, down from 10% in Q2 last year.

- **Other Income:** With the widening variance between the U.S. dollar and British pound we put in place a foreign currency hedge related to the purchase of the Coflexip Well Operations Business Unit. Recording the gain in the value of this instrument at June 30 added 2 cents to Q2 earnings.

Operational Highlights

- **Deepwater Contracting:** 85% utilization is outstanding given the significant capacity added by the introduction of the *Q4000*, *Intrepid* and *Eclipse*. 496 days of utility represents an 80% improvement over Q2 a year ago. The ***Q4000*** had a great quarter generating $8.0 million of revenues and 21% margins. She performed three construction projects in the GOM before spending the balance of the quarter offshore Brazil, where we showcased the vessel and highlighted her unique lifting capacity. The ***Uncle John*** devoted two-thirds of the quarter to the 2002 Deepwater coring campaign with alliance partner Fugro. Margins were below what we have come to expect from this vessel as we encountered unusually strong currents on a turnkey construction project. The ***Eclipse*** added $7.7 million to Q2 revenues and solid 21% margins performing a number of construction tasks (some bid for our saturation vessels) before mobilizing to Trinidad late in the quarter. The ***Mystic Viking*** worked the entire quarter and the ***Witch Queen*** the months of April and May supporting Horizon Offshore/Pemex in the Bay of Campeche. The *Witch Queen* returned to U.S. waters in June with the *Mystic Viking* following in early July. The ***Intrepid*** got out of the shipyard in time to lay the umbilicals at *Nansen* which enabled us to complete the long-running *Nansen*/*Boomvang* project. The job added $7.0 million to Q2 revenues but at the disappointing single-digit margins realized on the entire project. Although Q2 margins of our **Canyon Offshore** robotics operation remained close to the targeted 30%, the ROV support market also softened during the quarter as revenues dropped from $11 million to $9 million. The ROV support vessel ***Merlin*** was transferred to Canyon on April 1 and operated very effectively throughout the quarter. The newbuild ***Northern Canyon*,** a chartered ROV support vessel, was delivered late in the quarter and deployed on a low-margin project given the excess capacity which exists in the North Sea.

- **Shelf Contracting:** Revenues of the vessels dedicated to the OCS totaled $18.2 million in Q2, down 13% from the year ago period due to lower customer CAPEX budgets and a change in the mix of our barge operations. ***Barge I*** had 68 days of utility, up from 49 in Q2 a year ago, yet all of the current work involved intercompany decommissioning projects for ERT where there is no income statement impact. We are able to work our salvage assets and personnel on the existing backlog of ERT abandonment projects in periods like Q2 when there is little demand in the decommissioning market. That demand is weak because a significant number of mature properties are included in offshore packages currently for sale. A bright note is that **Aquatica** delivered revenues and margins almost identical with those of a year ago in what was then a demand-driven construction market. This performance highlights the strong market position Aquatica occupies in the shallow water.

- **Production Partnering:** Energy Resource Technology (**ERT**) continued to demonstrate why it has been able to generate a 30% average annual return on capital for nearly a decade. Production of 3.5 BCFe was almost identical with volumes in Q2 a year ago. That exceeded our high side guidance of 3.1 BCFe, with the variance due principally to workover and well exploitation efforts at Vermilion 22 (our oldest field), and the Williams acquisition (which added 0.2 BCFe). The average natural gas price of $3.34 fell 26% below the $4.50 realized in Q2 of 2001. Our average oil price was $25.11 in contrast to $26.20 last year. In short, the $3.6 million decrease in oil and gas revenues between periods is solely a function of lower commodity prices. In June we completed the acquisition of the Williams offshore properties, the first significant sunset property purchase in two years. ERT continues to actively pursue the purchase of a number of significant mature properties which are available as a result of falling natural gas prices.

- **Forecast:** In addition to softer than expected offshore construction markets, Q3 will witness four of our DP vessels out of service for regulatory inspection and/or completion of shipyard construction tasks. As a result, the accompanying appendix projects third quarter diluted EPS in a range of 22 to 26 cents.

Respectfully submitted,

Owen Kratz M. Ferron S. James Nelson

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

APPENDIX

DISCLOSURE OF THIRD QUARTER 2002 ESTIMATES

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

Third Quarter

- **Vessel Availability:** The *Q4000* and the *Intrepid* will be at the dock for a combined 14 weeks completing shipyard construction tasks that were interrupted so the vessels could meet contracted work requirements in Q2. The *Uncle John* and *Mystic Viking* will be out of service a combined eight weeks undergoing regulatory class drydock inspections. Work on the *Uncle John* also includes replacing a main engine and installation of new hubs for the thrusters. The newly acquired *Seawell* has an existing backlog of North Sea work which is expected to keep the vessel busy most of the quarter. The newly delivered *Northern Canyon*, a chartered vessel, is bidding low margin work to establish a market presence.

- **Contracting Revenues:** Range from $55 million to $60 million. The addition of the *Seawell* and the seasonal improvement of OCS contracting should compensate for a portion of the DP revenue lost while vessels are out of service. We also expect that Canyon Offshore revenues will remain at Q2 levels.

- **Commodity Prices:** We have hedged approximately 33% of July and August oil production at an average of $25.87/bbl and 75% of September and October at $26.49/bbl. We also hedged approximately 33% of July and August natural gas production at $3.46/mcf and 75% of September and 50% of October volumes at $2.98.

- **Oil & Gas Production:** 3.2 to 3.6 BCFe.

- **Margins:** Gross profit margins are expected in a range from 23% to 28%, depending in part on natural gas prices in Q3.

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

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

- **Shares Outstanding:** 37.5 million to 38.0 million fully diluted shares.

- **EPS:** Diluted earnings per share are projected in a range of 22 to 26 cents.

Financing Update

The $46 million of cash reflected on the June 30 balance sheet together with amounts drawn on our revolving line of credit were used to complete the $68.5 million acquisition of the Coflexip Well Operations Business Unit on July 2. The other components of our debt at the end of Q2 represent principally $138.5 million drawn on the MARAD loan facility for the *Q4000*. In addition, we are in the process of converting the *Gunnison* construction funding to a traditional term loan which will put the associated asset and debt ($22.8 million at June 30) on our balance sheet. The other component of construction financing, a $155 million joint facility with El Paso Energy Partners, is close to being completed. Through June Cal Dive had advanced $12 million for construction in progress on the *Marco Polo* tension leg platform.

CAL DIVE INTERNATIONAL, INC.

Comparative Consolidated Statements of Operations

(000's omitted, except per share data)	Three Months Ended June 30, 2002	Three Months Ended June 30, 2001	Six Months Ended June 30, 2002	Six Months Ended June 30, 2001
Net Revenues:				
Subsea and Salvage	$59,660	$32,577	$104,030	$63,859
Natural Gas and Oil Production	12,645	16,209	22,203	43,409
Total Revenues	72,305	48,786	126,233	107,268
Cost of Sales				
Subsea and Salvage	48,826	22,928	86,516	48,098
Natural Gas and Oil Production	6,294	8,944	11,414	19,998
Gross Profit	17,185	16,914	28,303	39,172
Selling and Administrative	6,191	4,863	12,497	10,470
Interest (Income), net & Other	(105)	442	91	733
Income Before Income Taxes	11,099	11,609	15,715	27,969
Income Tax Provision	3,885	4,063	5,500	9,789
Minority Interest	0	0	0	(140)
Net Income	$7,214	$7,546	$10,215	$18,320
Other Financial Data:				
Depreciation and Amortization:				
Subsea and Salvage	$6,678	$3,541	$10,986	$6,747
Natural Gas and Oil Production	2,672	4,881	4,677	12,070
EBITDA (1)	21,224	20,132	32,178	47,025
Weighted Avg. Shares Outstanding:				
Basic	34,692	32,470	33,676	33,130
Diluted	35,003	33,212	33,976	33,388
Earnings Per Common Share:				
Basic	$0.21	$0.23	$0.30	$0.55
Diluted	$0.21	$0.23	$0.30	$0.55

(1) The Company calculates EBITDA as earnings before net interest expense, taxes, depreciation and amortization. EBITDA is a supplemental financial measurement used by CDI and investors in the marine construction industry in the evaluation of its business. EBITDA should not be considered as an alternative to net income, as an indicator of CDI's operating performance or as an alternative to cash flow as a better measure of liquidity.

Comparative Consolidated Balance Sheets

ASSETS (000'S omitted)	June 30, 2002	Dec. 31, 2001	*LIABILITIES & SHAREHOLDERS' EQUITY*	June 30, 2002	Dec. 31, 2001
Current Assets:			Current Liabilities:		
Cash and cash equivalents	$45,882	$37,123	Accounts payable	$64,330	$42,252
Accounts receivable	77,746	56,186	Accrued liabilities	22,150	21,011
Other current assets	24,782	20,055	Current mat of L-T debt	4,365	1,500
Total Current Assets	148,410	113,364	Total Current Liabilities	90,845	64,763
Net Property & Equipment:			Long-Term debt	144,033	98,048
Subsea and salvage	383,563	302,964	Deferred income taxes	61,727	54,631
Natural gas and oil production	59,030	28,348	Decommissioning liabilities	41,137	29,331
Goodwill	60,151	14,973	Redeemable stock in sub	7,688	0
Other Assets	26,852	13,473	Shareholders' equity	332,576	226,349
Total Assets	$678,006	$473,122	Total Liabilities & Equity	$678,006	$473,122

This report and press release include certain statements that may be deemed "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are neither statements of historical fact nor guarantees of future performance or events. Forward-looking statements involve risks and assumptions that could cause actual results to vary materially from those predicted. Among other things, these include unexpected delays and operational issues associated with turnkey projects, the price of crude oil and natural gas, weather conditions in offshore markets, changes in site conditions and capital expenditures by customers. For a more complete discussion of these risk factors, see our Annual Report on Form 10-K for the year ended December 31, 2001, filed with the Securities and Exchange Commission. The Company strongly encourages readers to note that some or all of the assumptions upon which such forward-looking statements are based are beyond the Company's ability to control or estimate precisely and may in some cases be subject to rapid and material change.