

SEACOR HOLDINGS INC /NEW/
Form 424B3
August 10, 2005

[QuickLinks](#) -- Click here to rapidly navigate through this document

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-127028

PROSPECTUS

4,663,895 Shares

SEACOR Holdings Inc.

Common Stock

The selling stockholders identified herein may, from time to time, use this prospectus to resell any shares of our common stock that we issued to such selling stockholders in connection with our merger with Seabulk International. We will not sell any securities under this prospectus or receive the proceeds of any securities sold under this prospectus.

The registration statement of which this prospectus is a part permits the selling stockholders to sell the shares from time to time in the public market. The selling stockholders may sell the common stock through ordinary broker transactions, directly to market makers of our shares, directly to third parties, through underwriters in public offerings, or through other means described in the section entitled "Plan of Distribution" beginning on page 83.

Our common stock is listed on the New York Stock Exchange (the "NYSE") under the symbol "CKH." The last reported sale price for our common stock on July 28, 2005 was \$65.80 per share.

Investing in the notes involves risks. "Risk Factors" begins on page 3 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus or any accompanying prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is August 10, 2005

TABLE OF CONTENTS

	Page
Summary	1
Risk Factors	3
Cautionary Statement Regarding Forward-Looking Statements	11
Use of Proceeds	13
Selling Securityholders	13
Price Range of Common Stock and Dividend Policy	15
Unaudited Condensed Combined Pro Forma Financial Data	16
Selected Historical Financial Information	24
Management's Discussion and Analysis of Financial Condition and Results of Operations	26
Business	50
Management	69
Security Ownership of Certain Beneficial Owners and Management	77
Certain Relationships and Related Transactions	80
Description of Capital Stock	81
Plan of Distribution	83
Experts	83
Legal Matters	84
Where You Can Find More Information	84
Index to Historical Financial Statements	F-1

You should rely only on the information contained in this prospectus. We have not authorized any person to provide you with any information different from what is contained in this prospectus. We are offering to sell, and seeking offers to buy, shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of the prospectus or of any sale of common stock.

SUMMARY

This is a summary of material information contained elsewhere in this prospectus. This summary does not contain all of the information that may be important to you. You should carefully consider the information contained in this prospectus, including "Risk Factors" beginning on page 8 and the historical consolidated financial statements of SEACOR Holdings Inc. and Seabulk International, Inc., including the notes to those financial statements, contained in this prospectus. In this prospectus, the terms "we", "us", "our", "ours", "the Company" and "SEACOR" refer to SEACOR Holdings Inc. and its subsidiaries unless the context indicates otherwise.

Overview

We are in the business of owning, operating, investing in, marketing and remarketing equipment, primarily in the offshore oil and gas and marine transportation industries. We also provide emergency environmental response and related services. We operate a diversified fleet of offshore support vessels and helicopters servicing oil and gas exploration, development and production facilities worldwide. We also operate a fleet of inland river barges transporting grain and other bulk commodities on the U.S. inland waterways. The environmental services segment provides oil spill response, handles environmental remediation projects and offers related consulting services worldwide to those who store, transport, produce or handle petroleum products and environmentally hazardous materials.

We are a Delaware corporation whose principal executive offices are located at 11200 Richmond Avenue, Suite 400, Houston, Texas 77082. Our telephone number at that address is (713) 782-5990.

Recent Developments

Seabulk Merger

On July 1, 2005, we completed a merger with Seabulk International, Inc. ("Seabulk"). Under the terms of the merger agreement, Seabulk's stockholders received 0.2694 shares of our common stock plus cash of \$4.00 for each share of Seabulk common stock. Based on SEACOR's closing price of \$64.30 on June 30, 2005, Seabulk stockholders received approximately \$21.32 in SEACOR stock and cash for each share of Seabulk. The combined company is a leader in world-wide offshore support services, domestic Jones Act tankers, domestic helicopter services to the offshore oil and gas industry, domestic inland river barge transportation, environmental services, and domestic harbor tugs. Additionally, the companies have investments in international product tankers and dry bulk shipping.

In this prospectus, we refer to the transaction as the "Seabulk merger."

Tanker Business

We continue to evaluate potential opportunities for diversifying our portfolio of businesses, which may include, among other things, the acquisition of additional U.S. Jones Act tankers. We are considering various strategic alternatives with respect to the tanker business that we acquired from Seabulk and any other tankers it may subsequently acquire, including, but not limited to, the formation of a master limited partnership to administer the tanker business and the possible sale to the public of limited partnership interests in such a master limited partnership.

Era Aviation Acquisition

On December 31, 2004, we acquired Era Aviation, Inc. from Rowan Companies, Inc. for \$118.1 million, subject to post-closing working capital adjustments. Era provides contract and charter helicopter services. We intend to combine the existing helicopter operations of our wholly-owned subsidiary, Tex-Air Helicopters Inc., with those of Era. The two companies combined have a fleet of 127 helicopters and 17 operating bases supporting primarily offshore oil and gas industry activities. In

Edgar Filing: SEACOR HOLDINGS INC /NEW/ - Form 424B3

December 2004 and February 2005, we placed orders with manufacturers for 32 helicopters to be delivered over a five-year period beginning in 2005.

On May 27, 2005, we announced that we and Era had entered into a stock purchase agreement with Era Aviation Investment Group, LLC, the purchaser, pursuant to which the purchaser agreed to acquire all outstanding shares of capital stock of Era's fixed-wing aviation service and scheduled regional airline service, which operates in Alaska.

RISK FACTORS

You should carefully consider the risks described below, as well as other information and data included in this prospectus, before deciding whether to invest in the shares of our common stock. Any of the following risks could materially adversely affect our business, financial condition or results of operations, which may result in your loss of all or part of your original investment.

Risks Related to the Seabulk Merger

Our inability to effectively integrate the business and operations of Seabulk International with our own could disrupt our operations and force us to incur unanticipated costs.

The Seabulk merger has significantly increased the size of our operations. Our ability to integrate Seabulk's operations with our own is important to the future success of the combined company. Successful integration is subject to numerous conditions beyond our control, including adverse general and regional economic conditions, general negative industry trends and competition. In connection with our integration of Seabulk's operations, we will be required to assess and make any necessary adjustments to Seabulk's internal controls and procedures in order to maintain the overall effectiveness of our internal controls and procedures, to ensure that we continue to deliver accurate and timely financial information and to ensure ongoing compliance with Section 404 of the Sarbanes-Oxley Act of 2002. Our failure to accomplish this on a timely basis or at all could compromise our compliance with the Sarbanes Oxley Act of 2002 and the timeliness and accuracy of our financial reporting, which could reduce investor confidence in our publicly reported financial statements. The successful integration of the Seabulk business also requires us to, among other things, retain key employees from Seabulk. Our future performance depends, in part, on our ability to successfully integrate these new employees into our company. Our failure to retain and successfully integrate these new employees, or otherwise effectively integrate the Seabulk operations with our own, could disrupt our ongoing business, force us to incur unanticipated costs and adversely affect the trading price of our common stock. If we are unable to realize these anticipated benefits due to our inability to address the challenges of integrating the Seabulk business or for any other reason, it could have a material adverse effect on our business and financial and operating results and require significant additional time on the part of our senior management dedicated to resolving integration issues.

SEACOR and Seabulk may not achieve the expected benefits of the proposed transaction.

SEACOR and Seabulk entered into the merger agreement with the expectation that the transaction will result in various benefits. Some of those benefits may not be achieved or, if achieved, may not be achieved in the time frame in which they are expected. Whether the combined company will actually realize these anticipated benefits depends on future events and circumstances, some of which are beyond our control. For example, future growth in revenues, earnings and cash flow is partly dependent on future economic conditions and conditions in the oil and gas exploration and development industries. Also, the potential synergies that SEACOR and Seabulk anticipate may not be realized. In addition, other risk factors discussed below may prevent the achievement of the expected advantages of the proposed merger.

As a result of the Seabulk merger, we have significantly more debt than prior to the Seabulk merger, which could affect our credit rating or our business.

In connection with the Seabulk merger, we assumed approximately \$471 million of net debt obligations of Seabulk. In August of 2003, Seabulk issued \$150.0 million 9.50% senior unsecured notes due 2013. As a result of the merger, we are required to make an offer to repurchase Seabulk's senior unsecured notes at a price equal to 101% of the outstanding principal amount, plus accrued and unpaid interest. The ability of the combined company to repurchase Seabulk's senior unsecured notes and satisfy its other obligations will depend on its ongoing operating performance, and there can be no

assurance that the combined company will possess the resources or be able to secure the resources to satisfy these obligations. Any failure on the part of the combined company to satisfy or refinance these obligations when due would have a material adverse effect on its ability to continue its business. In addition, we have been informed that, in connection with the Seabulk merger, our corporate credit rating is under review by the ratings agencies for a possible downgrade. If we were downgraded, our ability to raise capital could be impaired.

Risks Related to Seabulk's Business

Revenue from Seabulk's tanker business and towing business could be adversely affected by a decline in demand for domestic refined petroleum products, crude oil or chemical products, or by a change in existing methods of delivery.

A reduction in domestic consumption of refined petroleum products, crude oil or chemical products may adversely affect revenue from the tanker business and towing business and therefore the combined businesses' condition and results of operations following consummation of the Seabulk merger. Weather conditions also affect demand for Seabulk's tanker services and towing services. For example, a mild winter may reduce demand for heating oil in its areas of operation. Moreover, alternative methods of delivery of refined petroleum, natural gas or crude oil may develop, which could adversely affect demand for tanker services.

Construction of additional domestic Jones Act product tankers or towboats by competitors or additional refined petroleum product, natural gas or crude oil pipelines could have a material adverse effect on tanker and towing revenues.

Long-haul transportation of refined petroleum products, crude oil and natural gas is generally less costly by pipeline than by tanker. Existing pipeline systems are either insufficient to meet demand in, or do not reach all of, the markets served by Seabulk's tankers. New pipeline segments are being planned and approved for the Florida market. Such activity could have an adverse effect on the volume of the tanker and towing businesses.

Seabulk could lose Jones Act protection, which would result in additional competition.

A substantial portion of Seabulk's operations is conducted in the U.S. coastwise trade. Under the Jones Act, this trade is restricted to vessels built in the United States, owned and manned by U.S. citizens and registered under U.S. law. There have been attempts to repeal or amend the Jones Act, and these attempts are expected to continue in the future. Repeal of the Jones Act could result in additional competition from vessels built in lower-cost foreign shipyards and owned and manned by foreign nationals with promotional foreign tax incentives and with lower wages and benefits than U.S. citizens, which could have a material adverse effect on the business, results of operations and financial condition of the combined company.

Seabulk may have to phase-out some of its single hull tankers from petroleum product transportation service in U.S. and foreign waters.

The Oil Pollution Act of 1990, commonly referred to as OPA 90, establishes a phase-out schedule, depending upon vessel size and age, for non-double-hull vessels carrying crude oil and petroleum products in U.S. coastwise transportation. The phase-out dates for Seabulk's non-double-hull tankers are as follows: *Seabulk Magnachem* 2007, *Seabulk Power* 2008, *Seabulk Trader* 2011, *Seabulk Challenge* 2011 and *Seabulk America* 2015. As a result of this requirement, these vessels will be prohibited from transporting crude oil and petroleum products in U.S. coastwise transportation after their phase-out dates unless they are modified to install double hulls. They would also be prohibited from transporting petroleum products in most foreign and international markets under a more accelerated IMO international phase-out schedule, were Seabulk to attempt to enter those markets.

Risks Related to our Business

If we do not restrict the amount of foreign ownership of our common stock, we could be prohibited from operating our offshore support vessels in parts of the U.S. and could be prohibited from operating our helicopters, which would adversely impact our business and operating results.

We are subject to the Shipping Acts, which govern, among other things, the ownership and operation of offshore support vessels used to carry cargo between U.S. ports. The Acts require that vessels engaged in the "U.S. coastwise trade" be owned by U.S. citizens and built in the U.S. We are also subject to regulations pursuant to the Federal Aviation Act of 1958, as amended, and other statutes, which we refer to as the Aviation Acts. Generally, under the Aviation Acts aircraft operating in the U.S. must be registered in the U.S. In order to register such aircraft under the Aviation Acts, we must be owned or controlled by U.S. citizens. Although our Restated Certificate of Incorporation and Amended and Restated By-laws contain provisions intended to assure compliance with these provisions of the Shipping Acts, we would be prohibited from operating our offshore support vessels in the U.S. coastwise trade and our helicopters in the U.S. during any period in which we did not comply with these regulations.

Offshore Marine Services and Helicopter Services are subject to cyclicality and a significant or prolonged decline in oil and gas prices would likely reduce the level of exploration and development of offshore areas and would reduce demand for our vessels and helicopters.

The offshore oil and gas industry is highly cyclical. Activity in the offshore oil and gas exploration and production industry has a significant impact on Offshore Marine Services and Helicopter Services. The level of exploration and development of offshore areas is affected by both short-term and long-term trends in oil and gas prices. In recent years, oil and gas prices have been extremely volatile and, as a result, the level of offshore exploration and drilling activity has also been extremely volatile. Reductions in oil and gas prices generally result in decreased drilling and production and corresponding decreases in demand for our vessels, logistics services and helicopters.

Historically, Offshore Marine Services customers' capital spending has tracked increases and decreases in oil and gas commodity prices, after giving effect to inventory levels and consumer demand. A decline in rig demand that began in early 2001 tracked oil and natural gas commodity prices until the second half of 2002, when prices reached and remained at historical high levels into 2003 but did not produce an increase in drilling activity in the Gulf of Mexico and North Sea, two of Offshore Marine Services operating regions. High commodity prices continued throughout 2004 and Offshore Marine Services, as well as Helicopter Services, experienced a modest increase in demand in the second half of the year for marine and helicopter support services in the Gulf of Mexico and marine services in the North Sea.

Offshore Marine Services faces intense competition that could adversely affect its ability to increase its market share and revenues.

Offshore Marine Services operates in a highly competitive environment. High levels of competition could reduce its operating revenues, increase expenses and reduce its profitability. In addition to price, service and reputation, important competitive factors for offshore fleets of vessels include customer flag preferences, local marine operating conditions and intended use of vessels. Other principal competitive factors include the ability to maintain logistical support given the complexity of a project and presence of equipment in the appropriate geographical locations.

Helicopter Services faces intense competition that could adversely affect its ability to increase its market share and revenues.

Helicopter Services operates in a highly competitive environment. High levels of competition could reduce its operating revenues, increase expenses and reduce its profitability. In addition to price, service and reputation, important competitive factors for helicopter services include local operating conditions, safety record, reliability and availability of helicopters for specific requirements. In addition, many of Helicopter Services' customers operate their own helicopters which could limit rates.

Unstable political, military and economic conditions in foreign countries where a significant proportion of Offshore Marine Services' operations are conducted could adversely impact our business.

During 2004, approximately 34% of our revenues principally resulted from Offshore Marine Services' foreign operations. These operations are subject to risks, including potential vessel seizure, terrorist attacks, nationalization of assets, currency restrictions, import-export quotas and other forms of public and governmental regulation, all of which are beyond our control. Economic sanctions or an oil embargo, for example, could have a significant negative impact on activity in the oil and gas industry and correspondingly on us should Offshore Marine Services operate vessels in a country subject to any sanctions or embargo, or in the surrounding region to the extent any sanctions or embargo disrupt our operations in the region. In addition, our vessel operations in Mexico are significantly affected by Mexican government policy. We cannot predict whether any such conditions or events might develop in the future.

Offshore Marine Services and Helicopter Services rely on several customers for a significant share of its revenues, the loss of which could adversely affect Offshore Marine Services' and Helicopter Services' businesses and operating results.

Offshore Marine Services' and Helicopter Services' customers are primarily major oil companies, large independent oil and gas exploration and production companies. The portion of Offshore Marine Services' or Helicopter Services' revenues attributable to any single customer may change over time, depending on the level of relevant activity by such customer, Offshore Marine or Helicopter Services' ability to meet its customers' needs and other factors, many of which are beyond Offshore Marine or Helicopter Services' control.

We may be unable to maintain or replace our vessels as they age.

As of December 31, 2004, the average age of offshore support vessels we owned, excluding our standby safety vessels, was approximately 9.6 years. We believe that after an offshore support vessel has been in service for approximately 20 years, the expense (which typically increases with age) necessary to satisfy required marine certification standards may not be economically justifiable. There can be no assurance that we will be able to maintain our fleet by extending the economic life of existing vessels, or that our financial resources will be sufficient to enable us to make expenditures necessary for these purposes or to acquire or build replacement vessels.

An increase in the supply of offshore support vessels would likely have an adverse impact on the charter rates earned by our offshore support vessels.

Expansion of the worldwide offshore support vessel fleet would increase competition in the markets where Offshore Marine Services operates. The refurbishment of vessels taken out of service, conversion of vessels from uses other than oil and gas exploration and production support and related activities or construction of new vessels could all add vessel capacity to current worldwide levels. A significant increase in vessel capacity would lower charter rates.

Failure to maintain an acceptable safety record may have an adverse impact on our ability to retain Offshore Marine Services and Helicopter Services customers.

Offshore Marine Services and Helicopter Services customers consider safety and reliability a primary concern in selecting a service provider. Offshore Marine Services and Helicopter Services must maintain a record of safety and reliability that is acceptable to our customers. Should this not be achieved, the ability to retain current customers and attract new customers may be adversely affected.

The Outer Continental Shelf Lands Act, as amended, provides the federal government with broad discretion in regulating the leasing of offshore resources for the production of oil and gas.

Because offshore marine operations rely on offshore oil and gas exploration and production, the government's exercise of authority under the Outer Continental Shelf Lands Act, as amended, or OCSLA, to restrict the availability of offshore oil and gas leases could have a material adverse effect on our financial condition and results of operations.

Vessel and helicopter related risks could disrupt Offshore Marine Services and Helicopter Services operations and expose us to liability.

The operation of offshore support vessels and helicopters is subject to various risks, including catastrophic disaster, adverse weather, mechanical failure and collision. Risks with respect to vessels additionally include sea conditions, capsizing, grounding, oil and hazardous substance spills and navigation errors. These risks could endanger the safety of our personnel, equipment, cargo and other property, as well as the environment. If any of these events were to occur, we could be held liable for resulting damages. In addition, the affected vessels or helicopters could be removed from service and would become unavailable to generate revenues.

Helicopter Services may be subject to adverse weather conditions and seasonality.

Weather-related and seasonal occurrences impact Helicopter Services including, tropical storm season in the Gulf of Mexico and other seasonal conditions in Alaska and the western U.S., as well as the number of hours of daylight. Poor visibility, high winds, and heavy precipitation can affect the operation of helicopters and result in reduced flight hours. In the Gulf of Mexico and Alaska, winter months have more days of adverse weather conditions than the other months of the year and June through November is tropical storm season in the Gulf of Mexico. During tropical storms, Helicopter Services is unable to operate in the area of the storm although flight activity may increase due to the evacuation of offshore workers. In addition, many of Helicopter Services' facilities are located along the U.S. Gulf of Mexico coast and tropical storms may cause damage to its property. The fall and winter months have fewer hours of daylight. Consequently, flight hours are generally lower at these times. A significant portion of our revenues from Helicopter Services is dependent on actual flight hours and prolonged periods of adverse weather and the effect of fewer hours of daylight can adversely impact Helicopter Services.

Spill response revenue is subject to significant volatility.

Environmental Services' spill response revenues can vary greatly between comparable fiscal periods based on the number and magnitude of spill responses in any given fiscal period which may vary widely. As a result, Environmental Services' profitability may also vary greatly from year to year.

A relaxation of oil spill regulation or enforcement could reduce demand for Environmental Services' services.

Environmental Services is dependent upon the enforcement of regulations promulgated under OPA 90, international conventions and, to a lesser extent, upon local regulations. Less stringent oil spill regulations or less aggressive enforcement of these regulations would decrease demand for

Environmental Services' services. There can be no assurance that oil spill regulation will not be relaxed or enforcement of existing or future regulation will not become less stringent. If this happens, the demand for Environmental Services' oil spill response services could be reduced.

A change in, or revocation of, NRC's classification as an "Oil Spill Removal Organization" would result in a loss of business.

NRC is classified by the Coast Guard as an Oil Spill Removal Organization, or OSRO. The Coast Guard classifies OSROs based on their overall ability to respond to various types and sizes of oil spills. Coast Guard classified OSROs have a competitive advantage over service providers without this classification because customers of classified OSROs are exempt from regulations that would otherwise require them to list their oil spill response resources in filings with the Coast Guard. A loss of NRC's OSRO classification or changes in the requirements for classification could eliminate or diminish NRC's ability to provide customers with this exemption. If this happens, Environmental Services could lose customers.

Environmental Services could incur liability in connection with providing spill response services.

Although Environmental Services is generally exempt from liability under the federal Clean Water Act for its own actions and omissions in providing spill response services, this exemption would not apply if it was found to have been grossly negligent or to have engaged in willful misconduct, or if it fails to provide these services in compliance with the Clean Water Act. In addition, the exemption under the federal Clean Water Act would not protect Environmental Services against liability for personal injury or wrongful death, or against prosecution under other federal or state laws. While most of the U.S. states in which Environmental Services provides services have adopted similar exemptions, several states have not. If a court or other applicable authority determines that Environmental Services is not eligible for federal or state exemptions from liability in providing spill response services, Environmental Services could be liable together with the local contractor and the responsible party for any resulting damages, including damages caused by others.

Inland River Services is subject to variation in freight rates.

Freight transportation rates may fluctuate from year to year as the amount of cargo transported on the inland waterways varies as a result of various factors, such as global economic conditions and business cycles, domestic and international agricultural production and demand and foreign currency exchange rates. Barge participation in the industry will also vary year to year and is dependent on the number of barges built and retired from service. Extended periods of high barge availability and low cargo demand could adversely impact Inland River Services.

Inland River Services' results of operations can be adversely by the decline in U.S. grain exports.

Inland River Services' business is significantly affected by the level of grain export volume handled through Gulf of Mexico ports. Grain exports can vary due to causes that include crop harvest yield levels in the U.S. and abroad. A shortage of available grain overseas can increase demand for U.S. grain. Conversely, an abundance of grain overseas can decrease demand for U.S. grain. A decline in exports could result in excess barge capacity, which would likely lower freight rates earned by Inland River Services.

Inland River Services' results of operations can be adversely affected by international economic and political factors.

The actions of foreign governments could affect the import and export of the dry-bulk commodities typically transported by Inland River Services. Foreign trade agreements and each country's adherence to the terms of such agreements can raise or lower demand for U.S. imports and exports of the dry-bulk commodities Inland River Services transports. National and international

boycotts and embargoes of other countries' or U.S. imports and/or exports together with the raising or lowering of tariff rates will affect the demand for transportation of the cargoes Inland River Services transports. These actions or developments could have an adverse impact Inland River Services.

Inland River Services' results of operations are affected by seasonal activity.

Inland River Services' business is seasonal, and its quarterly revenues and profits have historically been lower during the first and second quarters of the year (January through June) and higher during the third and fourth quarters (July through December) during the grain harvest.

Inland River Services' results of operations are affected by adverse weather and river conditions.

Weather patterns can affect river levels and cause ice conditions that can hamper barge navigation during the winter months. Locks on river systems may be closed for maintenance or other causes, which may delay barge movements. These conditions could adversely impact Inland River Services.

Inland River Services faces intense competition and there are few barriers to entry.

There can be no assurance that competition will not adversely impact Inland River Services.

Inland River Services' results of operations could be materially and adversely affected by fuel price fluctuations.

Inland River Services purchases towboat and fleeting services and fuel from third party vendors. Increases in the prices of fuel or services will impact Inland River Services' costs, which could adversely affect its results of operations.

We may incur significant costs, liabilities and penalties in complying with government regulations.

Government regulations, such as international conventions, federal, state and local laws and regulations in jurisdictions where we operate, have a significant impact on our business. These regulations relate to worker health and safety, the manning, construction and operation of vessels, oil spills and other aspects of our business. Risks of incurring substantial compliance costs and liabilities and penalties for non-compliance, particularly with respect to environmental laws and regulations, are inherent in our business. We cannot predict whether we will incur such costs or penalties in the future.

Our insurance coverage may be inadequate to protect us from the liabilities that could arise in our businesses.

We maintain insurance coverage against the risks related to our businesses. There can be no assurance, however, that our existing insurance coverage can be renewed at commercially reasonable rates or that available coverage will be adequate to cover future claims. If a loss occurs that is partially or completely uninsured, we could be exposed to substantial liability.

Our global operations are subject to currency exchange risks.

In some of our foreign businesses, we collect revenues and pay expenses in local currency. If the value of foreign currencies (in particular the value of the Pound Sterling, the currency in the United Kingdom, where most of our currency exchange risk arises) decline against the U.S. dollar and we do not or are not able to minimize the effects of such fluctuations through currency hedging arrangements, our operating results may be adversely affected. There can be no assurance that we will not incur losses in the future as a result of currency exchange rate fluctuations.

Our failure to attract and retain qualified personnel could have an adverse effect on our business.

The ability to attract and retain skilled personnel across all of our business segments is an important factor in our future success. The market for the personnel we employ is very competitive. We cannot be certain that we will be successful in this process in the future.

Risk Related to our Common Stock

Limitations on foreign ownership of our common stock may restrict investments in our common stock.

We are subject to the Shipping Act, 1916, as amended, and the Merchant Marine Act of 1920, as amended, which govern, among other things, the ownership and operation of vessels used to carry cargo between U.S. ports. These Acts require that vessels engaged in the U.S. coastwise trade be (i) owned by U.S. citizens and (ii) built in the United States. For a corporation engaged in the U.S. coastwise trade to be deemed a citizen of the U.S., among other things, at least 75% of the interest in such corporation must be owned by U.S. "Citizens" (as defined in those Acts). To facilitate compliance with these Acts, we have adopted a dual stock certification system to help determine such ownership. Our certificate of incorporation limits ownership by foreigners to 22.9%. Should we fail to comply with the U.S. citizenship requirements of the Acts, we would be prohibited from operating our vessels in the U.S. coastwise trade during the period of such non-compliance.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain of the statements contained in this prospectus are "forward-looking" statements as defined under the Private Securities Litigation Reform Act of 1995. Generally, the words "expect", "believe", "intend", "estimate", "anticipate", "project", "will" and similar expressions identify forward-looking statements, which generally are not historical in nature. All statements which address future operating performance, events or developments that we expect or anticipate will occur in the future, and statements expressing general optimism about future operating results, are forward-looking statements. Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations. As and when made, management believes that these forward-looking statements are reasonable. However, caution should be taken not to place undue reliance on any such forward-looking statements since such statements speak only as of the date when made and there can be no assurance that such forward-looking statements will occur. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Factors exist that could cause our actual results to differ materially from the expected results described in or underlying our company's forward-looking statements. Some of such factors are described under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations Cautionary Statements" in this prospectus, and include:

the cyclical nature of the oil and gas industry,

adequacy of insurance coverage,

currency exchange fluctuations,

changes in foreign political, military and economic conditions,

the ongoing need to replace aging vessels,

dependence of our offshore marine services on several customers,

our ability to comply with governmental regulations, including environmental and safety regulations,

dependence of spill response revenue on the number and size of spills and upon continuing government regulation in this area, industry fleet capacity,

changes in foreign and domestic oil and gas exploration and production activity,

competition, vessel-related risks,

effects of adverse weather conditions and seasonality on our aviation services,

helicopter-related risks,

our ability to integrate effectively the operations of Seabulk International into our own;

effects of adverse weather and river conditions and seasonality on inland river operations,

the level of grain export volume,

the effect of fuel prices on barge towing costs,

variability in freight rates for inland river barges,

changes in the National Response Corporation's Oil Spill Removal Organization ("OSRO") classification,

liability in connection with providing spill response services,

Edgar Filing: SEACOR HOLDINGS INC /NEW/ - Form 424B3

a decline in demand for domestic refined petroleum products, crude oil or chemical products or a change in existing methods of delivery that affects Seabulk's tanker and towing operations,

construction of additional refined petroleum product, natural gas or crude oil pipelines,

Seabulk's ongoing protection under the Jones Act,

Seabulk being required to phase out some of its single hull tankers from petroleum product transportation service in U.S. waters,

restrictions imposed by the Shipping Acts on the amount of foreign ownership of our common stock, and

the effect of international economic and political factors on inland river operations and various other matters, many of which are beyond our control.

Accordingly, there can be no assurance that the forward-looking statements contained herein will occur or that objectives will be achieved. All written and verbal forward-looking statements attributable to SEACOR Holdings Inc. or persons acting on our behalf are expressly qualified in their entirety by such factors.

USE OF PROCEEDS

We will not receive any proceeds from the sale of the shares. All proceeds from the sale of SEACOR common stock pursuant to this prospectus will be made for the account of the selling shareholders, as described below.

SELLING STOCKHOLDERS

The following table sets forth information with respect to the number of shares of SEACOR common stock owned by the selling stockholders which may be offered pursuant to this prospectus. The information in the table below is current as of July 15, 2005. The shares described in this prospectus are being registered to permit public secondary trading of the shares, and the selling stockholders may offer the shares for resale from time to time.

In addition to sales pursuant to this prospectus, the selling stockholders may sell, transfer or otherwise dispose of all or a portion of the shares owned by it in a transaction or a series of transactions exempt from the registration requirements of the Securities Act of 1933, as amended (referred to herein as the "Securities Act"), including transactions pursuant to Rule 144 under the Securities Act.

There can be no assurance that the selling stockholders will sell any or all of the shares of SEACOR common stock offered hereunder.

Name of Selling Stockholders	Amount and Nature of Beneficial Ownership(1)	Percentage of Class
C/R Marine GP Corp.(2) c/o Riverstone Holdings LLC 712 Fifth Avenue, 19th Floor New York, New York 10019	1,479,535	6.0%
Nautilus Acquisition, L.P.(3) c/o Credit Suisse First Boston Private Equity, Inc. Eleven Madison Avenue New York, New York 10010	3,184,360	12.9

(1) The information contained in the table above reflects "beneficial ownership" of the common stock within the meaning of Rule 13d-3 under the Exchange Act. Unless otherwise indicated, all shares of common stock are held directly with sole voting and dispositive power. Beneficial ownership information reflected in the table above includes shares issuable upon the exercise of outstanding stock options exercisable within 60 days after the date of this prospectus.

(2) According to a Schedule 13G filed on July 7, 2005 jointly by a group consisting of C/R Marine Domestic Partnership, L.P., C/R Marine Non-U.S. Partnership, L.P., C/R Marine Coinvestment, L.P., C/R Marine Coinvestment II, L.P. and C/R Marine GP Corp., these reporting persons have shared voting and dispositive power as to the following number of shares: C/R Marine Domestic Partnership, L.P.: 328,30; C/R Marine Non-U.S. Partnership, L.P.: 1,012,285; C/R Marine Coinvestment, L.P.: 138,173 and C/R Marine Coinvestment II, L.P.: 697. Each of the foregoing entities disclaims beneficial ownership of any shares of Common Stock owned by any other of the foregoing entities. As the sole general partner of each of the foregoing entities, C/R Marine GP Corp. is the beneficial owner of 1,479,535 shares of Common Stock and exercises investment discretion and control over the Common Stock held by each of the foregoing entities, and may be deemed to have the power to dispose or direct the disposition of the shares of Common Stock that each of the foregoing entities holds and to vote or direct the vote of such shares of Common Stock. William 3. Conway, Jr., Daniel A. D'Aniello, David M. Rubenstein, Pierre F. Lapeyre, Jr., David M. Leuschen and Jim H. Derryberry, as the sole stockholders of C/R Marine GP Corp., may be deemed to share beneficial ownership of the share shown as beneficially owned by the foregoing entities and C/R Marine GP Corp. Such persons disclaim any such beneficial ownership.

(3)

According to a Schedule 13G filed on July 15, 2005 jointly by a group consisting of Nautilus Acquisition L.P. ("Nautilus"), Nautilus Intermediary, L.P. ("Nautilus Intermediary"), Nautilus AIV, L.P. ("Nautilus AIV"), Nautilus GO, LLC ("Nautilus Special GP"), Credit Suisse First Boston, Private Equity, Inc. ("CSFBPE" and, together with Nautilus, Nautilus Intermediary, Nautilus AIV and Nautilus Special GP, the "Nautilus Entities"), Merkur-Nautilus Holdings, LLC ("Merkur-Nautilus"), Turnham-Nautilus Holdings, LLC ("Turnham-Nautilus"), Martin Merkur ("Merkur"), Robert C. Turnham, Jr. ("Turnham"), W.M. Craig ("Craig") and Credit Suisse (the "Bank"), on behalf of itself and its subsidiaries, to the extent they constitute the Credit Suisse First Boston business unit, excluding Asset Management (the "CSFB Entities"), each of the Nautilus Entities has shared voting and dispositive power with respect to the shares of Common Stock held by Nautilus. However, the partnership agreements of each of Nautilus, Nautilus Intermediary, and Nautilus AIV grants, directly or indirectly, the ultimate voting and dispositive power with respect to the shares of Common Stock held by Nautilus to Nautilus Special GP. The CSFB Entities disclaim beneficial ownership of the Common Stock. Merkur-Nautilus, Turnham-Nautilus, Merkur, Turnham and Craig disclaim beneficial ownership of the share of Common Stock held by Nautilus. The address of the principal business office of Nautilus Special GP, Turnham-Nautilus and Turnham is 808 Travis Street, Suite 1320 Houston, Texas 77002. The address of the principal business office of Merkur-Nautilus and Merkur is 2188 Clover Court East Meadow, New York 11554. The address of Craig is 1716 NW Farewell Drive Bend, Oregon. The address of the principal business office of the Bank is Uetilbergstrasse 231 P.O. Box 900 CH 8070 Zurich, Switzerland.

PRICE RANGE OF COMMON STOCK AND DIVIDEND POLICY

Our common stock, \$0.01 par value, is listed on the New York Stock Exchange or NYSE under the trading symbol "CKH." The following table sets forth, for the periods indicated, the high and low sales prices per share of our common stock as reported on the New York Stock Exchange.

Fiscal Quarter Ended	High	Low
2003		
March 31	\$ 44.84	\$ 34.27
June 30	39.58	33.80
September 30	40.45	34.90
December 31	42.08	35.60
2004		
March 31	\$ 44.47	\$ 39.22
June 30	44.35	37.35
September 30	47.04	40.55
December 31	56.37	44.51
2005		
March 31	\$ 67.09	\$ 52.62
June 30	\$ 65.95	\$ 53.92
September 30 (through July 25, 2005)	\$ 65.85	\$ 61.93

We have not paid any cash dividends in respect of our common stock since our inception in December 1989 and have no present intention to pay any dividends in the foreseeable future. Instead, we intend to retain earnings for working capital and to finance the expansion of our business. Any payment of future dividends will be at the discretion of our board of directors and will depend upon, among other factors, our earnings, financial condition, capital requirements, level of indebtedness and contractual restrictions, including the provisions of our revolving credit facility.

The payment of future cash dividends, if any, would be made only from assets legally available and would also depend on our financial condition, results of operations, current and anticipated capital requirements, plans for expansion, restrictions under then existing indebtedness and other factors deemed relevant by our board of directors in its sole discretion.

As of June 30, 2005, there were 127 holders of record of our common stock.

UNAUDITED CONDENSED COMBINED PRO FORMA FINANCIAL DATA

The following unaudited pro forma condensed combined balance sheet as of March 31, 2005 and unaudited pro forma condensed combined statements of income for the three months ended March 31, 2005 and for the year ended December 31, 2004 (collectively the "pro forma statements") are based on the historical financial statements of SEACOR and Seabulk after giving effect for the Seabulk merger using the purchase method of accounting and our preliminary estimates, assumptions and pro forma adjustments as described in the accompanying notes to the pro forma statements. The pro forma statements are presented for informational purposes only and have been derived from, and should be read in conjunction with, the historical consolidated financial statements of SEACOR and Seabulk, including the notes thereto. Certain reclassifications of information as presented in the historical financial statements of SEACOR and Seabulk included elsewhere herein have been made to conform to the presentation of the pro forma statements.

The unaudited pro forma condensed combined balance sheet as of March 31, 2005 gives effect to the Seabulk merger as if it had occurred on that date. The unaudited pro forma condensed combined statements of income for the three months ended March 31, 2005 and for the year ended December 31, 2004 have been prepared to illustrate the effects of the Seabulk merger as if it had occurred on January 1, 2005 and 2004, respectively. Preliminary estimates, assumptions and pro forma adjustments to state the assets and liabilities of Seabulk to be acquired at fair value are as of March 31, 2005. Under the terms of the merger agreement, Seabulk's stockholders received 0.2694 of a share of SEACOR common stock plus cash of \$4.00 for each issued and outstanding share of Seabulk common stock. Based on SEACOR's closing price of \$64.30 on June 30, 2005, Seabulk stockholders received approximately \$21.32 in SEACOR stock and cash for each share of Seabulk.

The pro forma adjustments, as described in the notes to the pro forma statements, are based on currently available information that we believe are reasonable. These adjustments are not necessarily indicative of SEACOR's future financial position or results of operations. Pro forma adjustments reflect an allocation of the purchase price, material charges, credits and related tax effects that are directly attributable to the Seabulk merger and to conform Seabulk's accounting policies with those of SEACOR. Certain pro forma adjustments were based on a preliminary assessment of the value of assets and liabilities acquired as part of the Seabulk merger. However, changes to adjustments included in the pro forma statements are expected as valuations of assets and liabilities are finalized and additional information becomes available. The final purchase price allocations for the Seabulk merger will be affected by formal valuation analysis of certain assets by outside appraisal firms and may result in material adjustments to the amounts presented in the pro forma statements. Furthermore, the impact of integration activities and the finalization of charges and credits directly attributable to the merger could also cause actual results to materially differ from the pro forma statements presented herein.

Unaudited Condensed Combined Pro Forma Balance Sheet
As of March 31, 2005
(in thousands)

	<u>SEACOR</u>	<u>Seabulk</u>	<u>Adjustments</u>	<u>Pro Forma Condensed Combined</u>
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 395,401	\$ 31,310	\$ (108,072)(a)	\$ 318,639
Restricted cash		30,350		30,350
Available-for-sale securities	74,858		(13,225)(h)	61,633
Accounts receivable, net	164,848	55,969		220,817
Inventories	20,194	8,081	(3,945)(b)	24,330
Prepaid expenses and other	33,954	4,163		38,117
	<u>689,255</u>	<u>129,873</u>	<u>(125,242)</u>	<u>693,886</u>
Investments, at Equity, and Receivables From 50% or Less				
Owned Companies	48,284			48,284
Property and Equipment, net	845,386	596,626	285,885 (c)	1,727,897
Construction Reserve Funds	144,894			144,894
Goodwill	28,755		134,691 (a)	163,446
Deferred Drydocking		29,713	(29,713)(d)	
Deferred Debt Issuance Costs	7,314	12,263	(12,263)(e)	7,314
Other Assets	15,065	21,173		36,238
	<u>\$ 1,778,953</u>	<u>\$ 789,648</u>	<u>\$ 253,358</u>	<u>\$ 2,821,959</u>
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 49,621	\$ 10,126		\$ 59,747
Current portion of long-term debt	12,983	16,429		29,412
Current obligations under capital leases		3,531		3,531
Other current liabilities	81,093	41,598	6,400 (f)	129,091
	<u>143,697</u>	<u>71,684</u>	<u>6,400</u>	<u>221,781</u>
Total current liabilities	143,697	71,684	6,400	221,781
Long-Term Debt and Capital Lease Obligations	582,416	499,561	(15,725)(g)	1,066,252
Deferred Income Taxes	208,862		43,215 (i)	252,077
Deferred Income and Other Liabilities	24,888	7,663		32,551
Minority Interest in Subsidiaries	7,158			7,158
Stockholders' Equity:				
Common stock	248	236	(170)(j)	314
Additional paid-in capital	421,150	261,746	169,135 (j)	852,031
Retained earnings (deficit)	569,864	(49,199)	49,199 (j)	569,864
Treasury shares	(203,065)			(203,065)
Unearned restricted stock	(5,566)	(2,074)	2,074 (k)	(5,566)
Accumulated other comprehensive income	29,301	31	(770)(h)	28,562
	<u>811,932</u>	<u>210,740</u>	<u>219,468</u>	<u>1,242,140</u>
Total stockholders' equity	811,932	210,740	219,468	1,242,140
	<u>\$ 1,778,953</u>	<u>\$ 789,648</u>	<u>\$ 253,358</u>	<u>\$ 2,821,959</u>

**Notes to Unaudited Condensed Combined Pro Forma Balance Sheet
As of March 31, 2005**

- (a) The preliminary estimated consideration is allocated as follows (in thousands, except share data):

Consideration to purchase all outstanding Seabulk stock, warrants and options	
Cash consideration	\$ 98,622
Estimated direct transaction fees and expenses	9,450
	<hr/>
Total cash consideration	108,072
Premium over par paid by SEACOR for Seabulk long-term debt (see note h)	540
6,642,209 SEACOR shares issued at \$64.88 per share (exchange ratio of 0.2694)	430,947
	<hr/>
Total consideration	539,559
 Preliminary allocation of consideration	
Book value of Seabulk net assets	(212,783)
<i>Adjustments to historical net book value:</i>	
Inventories policy change, net of \$1,381 in tax (see note b)	2,564
Property and Equipment, net of \$100,060 in tax (see note c)	(185,825)
Drydocking policy change, net of \$10,400 in tax (see note d)	19,313
Write-off deferred debt issuance costs, net of \$4,292 in tax (see note e)	7,971
Compensation reserves, net of \$2,240 in tax (see note f)	4,160
Long-term debt, net of \$1,479 in tax (see note g)	(2,746)
Reduction of deferred tax valuation allowance (see note i)	(39,596)
Unearned Seabulk restricted stock (see note k)	2,074
	<hr/>
Adjustment to Goodwill	\$ 134,691
	<hr/>

- (b) Represents the elimination of Seabulk's capitalized non-fuel inventories and supplies relating to its offshore marine vessel fleet to conform with SEACOR's accounting policy.
- (c) Represents preliminary purchase price adjustments to state Seabulk's acquired property and equipment at its estimated fair value of \$882.5 million. Final purchase price adjustments based on the final valuation may materially differ from our preliminary estimates presented herein. Deferred tax liabilities associated with non-deductible fair market value adjustments were calculated using an income tax rate of 35% as the future depreciation of the fair market value adjustments will not be tax deductible.
- (d) Represents the elimination of Seabulk's deferred drydocking expense to conform with SEACOR's accounting policy.
- (e) Represents the elimination of Seabulk's deferred debt issuance costs as a result of stating its long-term debt at fair value (see note g).
- (f) Represents accrued payments related to various employment agreements among Seabulk and its senior officers triggered by the Seabulk merger and reserves for potential redundancies of personnel.

(g)

Represents the revaluation of Seabulk's remaining outstanding senior notes, after the elimination of \$11.5 million par value of senior notes held by SEACOR (see note h), and Seabulk's Title XI debt to their estimated fair values. All other long-term debt and capital lease obligations of

Edgar Filing: SEACOR HOLDINGS INC /NEW/ - Form 424B3

Seabulk are considered to approximate fair value in the pro forma statements. Final purchase price adjustments based on the final valuation of these Seabulk obligations may materially differ from our preliminary estimate presented herein.

- (h) Represents the elimination of SEACOR's investment in Seabulk's senior notes, stated at a fair value of \$13.2 million, and the related unrealized gain of \$0.8 million, net of \$0.4 million in tax, against Seabulk's corresponding long-term debt of \$11.5 million par value. The premium over par paid by SEACOR for its investment in Seabulk's senior notes of \$0.5 million is included as additional consideration paid in the Seabulk merger.
- (i) Represents additional net deferred tax liabilities of \$83.2 million recognized as a result of net of tax adjustments relating to the preliminary allocation of consideration (see note a), offset by reductions in Seabulk's valuation allowance of \$39.6 million (see note a and as discussed below) and in SEACOR's deferred tax liability for unrealized gains on marketable securities of \$0.4 million (see note h). As of March 31, 2005, Seabulk had estimated outstanding deferred tax assets of \$187.0 million (primarily net operating loss carryforwards and foreign tax credits), deferred tax liabilities of \$127.4 million (primarily property differences) and recognized a valuation allowance of \$59.6 million to offset the entire net deferred asset. The utilization of Seabulk's net operating loss carryforwards by the combined group will be subject to significant limitations; however, we have assumed that its entire net deferred tax asset will be realized except for \$20.0 million of foreign tax credits for purposes of the pro forma statements. The final determination of these limitations may materially differ from our preliminary estimate presented herein.
- (j) Represents the total increase in capital for the combined group, comprised of SEACOR stock consideration of \$430.9 million issued as a result of the Seabulk merger, offset by the historical net book value of Seabulk of \$212.8 million.
- (k) Represents the elimination of Seabulk unvested restricted stock as a result of accelerated vesting triggered by the Seabulk merger.

Unaudited Condensed Combined Pro Forma Statement of Income
For the Three Months Ended March 31, 2005
(in thousands, except per share data)

	SEACOR	Seabulk	Adjustments	Pro Forma Condensed Combined
Operating Revenues	\$ 165,185	\$ 95,581	\$	\$ 260,766
Cost and Expenses:				
Operating expenses	115,601	54,544	(2,843)(a)	167,302
Administrative and general	18,495	9,568		28,063
Depreciation and amortization	18,282	9,903	9,998 (b)	38,183
	152,378	74,015	7,155	233,548
Gain (Loss) on Asset Sales	13,516	(130)		13,386
Operating Income	26,323	21,436	(7,155)	40,604
Other Income (Expense):				
Interest income	3,679	146		3,825
Interest expense	(7,591)	(9,426)	404 (c)	(16,613)
Other, net	4,295	(8)		4,287
	383	(9,288)	404	(8,501)
Income Before Income Tax Expense, Minority Interest Equity in Earnings of 50% or Less Owned Companies, and Discontinued Operations	26,706	12,148	(6,751)	32,103
Income Tax Expense	9,740	968	1,029 (d)	11,737
Income Before Minority Interest, Equity in Earnings of 50% or Less Owned Companies and Discontinued Operations	16,966	11,180	(7,780)	20,366
Minority Interest in Net Loss of Subsidiaries	34			34
Equity in Earnings of 50% or Less Owned Companies	1,617			1,617
Discontinued Operations	(26)			(26)
Net Income	\$ 18,591	\$ 11,180	\$ (7,780)	\$ 21,991
Basic Earnings Per Common Share	\$ 1.02	\$ 0.48		\$ 0.88
Diluted Earnings Per Common Share	\$ 0.90	\$ 0.46		\$ 0.81
Weighted Average Common Shares Outstanding:				
Basic	18,249	23,327		24,891
Diluted	21,908	24,273		28,550

**Notes to Unaudited Condensed Combined Pro Forma Statement of Income
For the Three Months Ended March 31, 2005**

- (a) Represents the elimination of Seabulk's capitalized non-fuel inventories and supplies amortization of \$0.2 million and a \$2.6 million reduction to restate Seabulk's drydock costs to an as incurred basis to conform with SEACOR's accounting policy.
- (b) Represents the restatement of Seabulk's depreciation expense to \$19.9 million resulting from our preliminary valuation of its property and equipment of \$882.5 million and to conform with SEACOR's accounting policies regarding depreciable useful lives and salvage values.
- (c) Represents the elimination of Seabulk's deferred debt issuance costs and premium amortization of \$0.4 million.
- (d) Represents the restatement of Seabulk's Income Tax Expense to an effective tax rate of 37% as a result of the recognition of Seabulk's net operating carryforwards by the combined group.

Unaudited Condensed Combined Pro Forma Statement of Income
For the Year Ended December 31, 2004
(in thousands, except per share data)

	<u>SEACOR</u>	<u>Seabulk</u>	<u>Adjustments</u>	<u>Pro Forma Condensed Combined</u>
Operating Revenues	\$ 491,860	\$ 352,328	\$	\$ 844,188
Cost and Expenses:				
Operating expenses	354,163	218,039	(3,242)(a)	568,960
Administrative and general	61,425	37,526		98,951
Depreciation and amortization	57,834	40,537	39,063 (b)	137,434
	<u>473,422</u>	<u>296,102</u>	<u>35,821</u>	<u>805,345</u>
Gains on Asset Sales	10,234	4,116		14,350
Operating Income	<u>28,672</u>	<u>60,342</u>	<u>(35,821)</u>	<u>53,193</u>
Other Income (Expense):				
Interest income	8,422	309		8,731
Interest expense	(22,485)	(33,888)	1,645 (c)	(54,728)
Other, net	9,677	4,624		14,301
	<u>(4,386)</u>	<u>(28,955)</u>	<u>1,645</u>	<u>(31,696)</u>
Income Before Income Tax Expense, Minority Interest and Equity in Earnings of 50% or Less Owned Companies	24,286	31,387	(34,176)	21,497
Income Tax Expense (Benefit)	8,573	5,189	(6,221)(d)	7,541
Income Before Minority Interest and Equity in Earnings of 50% or Less Owned Companies	15,713	26,198	(27,955)	13,956
Minority Interest in Net Income of Subsidiaries	(483)	(264)		(747)
Equity in Earnings of 50% or Less Owned Companies	4,659			4,659
Net Income	<u>\$ 19,889</u>	<u>\$ 25,934</u>	<u>\$ (27,955)</u>	<u>\$ 17,868</u>
Basic Earnings Per Common Share	<u>\$ 1.09</u>	<u>\$ 1.11</u>		<u>\$ 0.72</u>
Diluted Earnings Per Common Share	<u>\$ 1.08</u>	<u>\$ 1.09</u>		<u>\$ 0.72</u>
Weighted Average Common Shares Outstanding:				
Basic	18,306	23,264		24,948
Diluted	18,609	23,761		25,252

**Notes to Unaudited Condensed Combined Pro Forma Statement of Income
For the Year Ended December 31, 2004**

- (a) Represents the elimination of Seabulk's capitalized non-fuel inventories and supplies amortization of \$0.6 million and a \$2.6 million reduction to restate Seabulk's drydock costs to an as incurred basis to conform with SEACOR's accounting policy.
- (b) Represents the restatement of Seabulk's depreciation expense to \$79.6 million resulting from our preliminary valuation of its property and equipment of \$882.5 million and to conform with SEACOR's accounting policies regarding depreciable useful lives and salvage values.
- (c) Represents the elimination of Seabulk's deferred debt issuance costs and premium amortization of \$1.7 million offset by an expected net increase of \$0.1 million resulting from the revaluation of Seabulk's senior notes and Title XI debt.
- (d) Represents the restatement of Seabulk's Income Tax Expense to an effective tax rate of 37% as a result of the recognition of Seabulk's net operating carryforwards by the combined group.

SELECTED HISTORICAL FINANCIAL INFORMATION

The following table sets forth, for the periods and at the dates indicated, selected historical and consolidated financial data for us, in thousands of dollars, except per share data. Such financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements included elsewhere in this prospectus.

	Year Ended December 31,					Three Months Ended March 31,	
	2004	2003	2002	2001	2000	2005	2004
Operating Revenues:							
Offshore							
Marine Services	\$ 286,721	\$ 316,116	\$ 367,969	\$ 399,123	\$ 276,931	\$ 80,350	\$ 66,016
Environmental Services	115,014	44,045	22,087	26,847	24,996	35,893	16,392
Inland Services(1)	66,568	27,859	12,607	9,598	1,092	25,530	8,576
Helicopter Services(2)	27,180	20,604				21,599	5,827
Drilling(3)					37,380	2,276	
Elimination and Other	(3,623)	(2,415)	495	(778)	(458)	(463)	(837)
	<u>\$ 491,860</u>	<u>\$ 406,209</u>	<u>\$ 403,158</u>	<u>\$ 434,790</u>	<u>\$ 339,941</u>	<u>\$ 165,185</u>	<u>\$ 95,974</u>
Operating Income (Loss)							
	<u>\$ 28,672</u>	<u>\$ 23,251</u>	<u>\$ 52,392</u>	<u>\$ 100,965</u>	<u>\$ 55,380</u>	<u>\$ 26,323</u>	<u>\$ (4,455)</u>
Other Income (Expenses):							
Net interest expense	\$ (14,063)	\$ (11,782)	\$ (8,231)	\$ (8,452)	\$ (10,027)	\$ (3,912)	\$ (3,999)
Other income (expense)(4)	9,677	9,980	21,981	11,208	16,305	4,295	3,413
	<u>\$ (4,386)</u>	<u>\$ (1,802)</u>	<u>\$ 13,750</u>	<u>\$ 2,756</u>	<u>\$ 6,278</u>	<u>\$ 383</u>	<u>\$ (586)</u>
Net Income (Loss)							
	<u>\$ 19,889</u>	<u>\$ 11,954</u>	<u>\$ 46,587</u>	<u>\$ 70,701</u>	<u>\$ 34,120</u>	<u>\$ 18,591</u>	<u>\$ (2,964)</u>
Income Per Share:(5)							
Basic	\$ 1.09	\$ 0.63	\$ 2.33	\$ 3.63	\$ 2.02	\$ 1.02	\$ (0.16)
Diluted	1.08	0.63	2.28	3.43	1.92	0.90	(0.16)
Statement of Cash Flows Data:							
Cash provided by operating activities	\$ 32,976	\$ 44,996	\$ 66,795	\$ 111,420	\$ 65,251	\$ 42,816	\$ 6,370

Edgar Filing: SEACOR HOLDINGS INC /NEW/ - Form 424B3

	Year Ended December 31,				Three Months Ended March 31,		
Cash provided by (used in) investing activities	(316,572)	(1,741)	6,167	(76,638)	(31,012)	143,130	(29,882)
Cash provided by (used in) financing activities	231,725	(127,525)	87,205	(77,455)	14,222	(3,370)	(3,725)

**Balance Sheet
Data (at period
end):**

Cash and cash equivalents, marketable securities and construction reserve funds	\$ 495,387	\$ 438,131	\$ 525,931	\$ 258,055	\$ 347,159	\$ 615,153	\$ 495,387
Total assets	1,766,009	1,402,611	1,487,107	1,298,138	1,132,730	1,778,953	1,766,009
Long-term debt	582,367	332,179	402,118	256,675	377,955	582,416	582,367
Stockholders' equity	793,757	770,446	804,951	743,698	552,552	811,932	793,757
Capital Expenditures	\$ 200,052	\$ 161,842	\$ 139,706	\$ 107,445	\$ 73,750	\$ 34,307	\$ 18,818

Operating Data:

Offshore Marine Services:

Fleet Count, at period end(6)	212	235	301	325	305	207	228
Overall Fleet Utilization(7)	84.5%	76.7%	78.5%	81.1%	75.7%	83.5%	78.6%
Rates Per Day Worked by Vessel Type:(8)(9)							
Anchor Handling Towing Supply	\$ 12,223	\$ 12,406	\$ 13,067	\$ 13,548	\$ 11,410	\$ 15,106	\$ 10,865
Crew	3,463	3,225	3,216	3,313	2,645	3,996	3,297
Mini-Supply	2,974	3,029	2,854	3,071	2,041	3,111	2,976
Standby Safety	7,850	6,697	5,935	5,448	5,328	8,229	7,694
Supply and Towing Supply	8,197	7,554	7,985	7,771	5,251	9,068	7,265
Utility		1,773	1,755	1,895	1,609		
Helicopter Count, at period end	127	41	36	N/A	N/A	120	43
Barge Count, at period end	1,092	784	535	338	262	1,124	792

- (1) Inland River Services commenced operations in the third quarter of 2000 with our acquisition of SCF.
- (2) Helicopter Services commenced operations in December 2002 with our acquisition of Tex-Air.
- (3) As a consequence of our majority ownership, we consolidated the reporting of financial information of Chiles until our ownership interest was reduced in September 2000, at which time we began using the equity method of accounting for our ownership interest until the Chiles Merger in August of 2002.
- (4) Other income (expense) principally includes gains and losses from the sale of marketable securities, derivative transactions, the sale of investments in 50% or less owned companies, foreign currency transactions and debt extinguishment. Other income in 2002 additionally included gains resulting from the Chiles Merger and 2000 also included a gain upon the sale of shares of Chiles.
- (5) Computations of basic and diluted income per common share give effect for SEACOR's June 15, 2000 three-for-two stock split.
- (6) Offshore Marine Services' fleet includes vessels owned, chartered-in, managed, pooled and joint ventured.
- (7) Utilization with respect to any period is the ratio of the aggregate number of days worked for all offshore vessels that are owned and bareboat chartered-in to total calendar days available during such period.
- (8) Rate per day worked with respect to any period is the ratio of total time charter revenues earned by offshore vessels that are owned and chartered-in to the aggregate number of days worked by offshore vessels during such period.
- (9) Revenues for certain vessels included in the calculation of rates per day worked are earned in foreign currencies, primarily Pounds Sterling, and have been converted to U.S. dollars at the weighted average exchange rate for the periods indicated.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS**

Overview

We own, operate, invest in, market and remarket equipment, primarily in the offshore oil and gas and marine transportation industries. We also provide emergency environmental response, remediation, and related services.

We conduct our activities in four business segments: Offshore Marine Services is a worldwide provider of offshore energy marine support services with a fleet of 212 vessels; with 127 helicopters, Helicopter Services also primarily services the offshore energy markets with operations in the Gulf of Mexico and a small presence in Alaska. It also leases helicopters to third parties. Inland River Services operates over 1,000 dry cargo and 20 chemical tank barges throughout the U.S. inland waterways. Environmental Services is an international provider of oil spill response and preparedness services and also provides services to ships calling at U.S. ports, oil facilities, and installations.

Offshore Marine Services, Helicopter Services and Inland River Services are highly capital-intensive businesses. To manage these businesses successfully over time, we believe it is often necessary to re-allocate capital among different classes of assets and across a variety of industries. In recent years, we have been pursuing a policy of diversifying our asset base by allocating capital into assets with differing cyclical profiles. To pursue this strategy, we manage our assets aggressively, responding quickly to opportunities to deploy or trade those assets. We believe that maintaining liquidity is important to provide the resources necessary to take advantage of opportunities.

Our overall capital commitment to assets in the offshore oil and gas industry has remained fairly constant over the last three years. We believe that demand for both our marine and helicopter services in the offshore oil and gas industry will improve in the next year.

The market for offshore oil and gas drilling has historically been cyclical. In 2002, activity in the offshore oil and gas industry markets worldwide began to decline and that downturn continued through the first half of 2004. Offshore drilling activity improved in the second half of 2004. Starting in the third quarter demand for support services began to improve. That improvement carried through to the fourth quarter. We expect offshore drilling activity to be sustained in 2005 and likely to continue into 2006. In the past, increased offshore drilling has been positive for marine support vessel operators as well as helicopter operators serving the offshore markets. We expect this historical link to lead to increased vessel and helicopter support activity.

We continually assess our asset portfolio and are active in buying and selling second-hand equipment, as well as building and re-selling newly constructed equipment. In the last few years many older assets have been shed and the fleet mix has been adjusted.

The acquisition of Era's helicopters has made the company's rotary wing fleet one of the largest serving the offshore energy business in the Gulf of Mexico. The acquisition will also diversify our service mix, adding firefighting capability and other services. While we will be providing "flight seeing" services in Alaska during the 2005 tourist season, it is not clear if we will continue this activity in the future.

Our strategy envisions modernizing Helicopter Services' fleet eventually by reducing the number of different models operated and replacing older units with new equipment. We will also be looking to grow through acquisitions and joint ventures.

In 2001, we began expanding Inland River Services' business. Approximately 50% of the existing dry cargo barge fleet and 60% of the liquid cargo tank barge fleet operating on the U.S. inland waterways are over 20 years old. Our fleet is one of the most modern in the industry. In fact, we believe that there have been more retirements of old equipment than deliveries of new equipment in the last few years: 30% greater retirements for dry cargo barges and 14% greater for liquid barges over the last five years. As there have not been a large number of new dry cargo barges delivered in the last twelve months we believe that improvements observed in the second half of 2004 will carry forward into 2005.

Increasing investment in our Inland River Services has served to diversify our portfolio of marine assets and to reduce our exposure to the offshore energy industry's cycles. Demand for our barges is dependent on different global economic forces and while that demand can fluctuate, we believe that the inland barge business is one of the businesses that over time will provide an attractive opportunity for capital investment.

In addition to adding 651 owned dry cargo and chemical tank barges since 2000, we have invested in six towboats. Inland River Services transports dry bulk commodities by barge on the U.S. inland waterways and it manages its own barges and those owned by others through a pooling arrangement allowing for greater efficiencies in competing for cargoes. The tank barges are entered in a pooling arrangement managed by a third party and the towboats are bareboat chartered out and operated by a third party.

We have also pursued diversification by continuing our expansion of environmental services. In addition to oil spill response services, we have continued to grow in emergency response, planning and preparation, and remediation services both domestically and internationally. We intend to continue the growth of this segment by competing for contracts internationally, pursuing selective acquisitions and developing additional business with existing clients.

Critical Accounting Policies

General. Management's Discussion and Analysis of Financial Condition and Results of Operations discusses our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. In many cases, the accounting treatment of a particular transaction is specifically dictated by generally accepted accounting principles; whereas, in other circumstances, we are required to make estimates, judgments and assumptions that we believe are reasonable based upon information available and which have a significant impact on the results it reports. Some accounting policies require us to make difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Our more critical accounting estimates are included in the discussion that follows. We also have other policies that are considered key accounting policies, such as revenue recognition; however, these policies do not meet the definition of critical accounting estimates, because they do not generally require us to make estimates or judgments that are difficult or subjective.

Reserves for Doubtful Accounts Receivable. Our reserves for doubtful accounts are based on estimates of losses related to customers' receivable balances. In establishing reserves, we assess customer credit quality as well as other factors and trends, including the age of receivable balances. Individual credit assessments are performed regularly. Once we complete our assessment of receivable balances due from customers, a determination is made as to the probability of default. A reserve is established when we view loss is likely and the level of reserves can fluctuate depending upon all of the factors mentioned above. Because amounts due us from individual customers can be significant, future

adjustments to our reserve could be material if one or more customers' receivables are considered uncollectible.

Goodwill. Goodwill is recorded when the purchase price paid for an acquisition exceeds the estimated fair value of net identified tangible and intangible assets acquired. As a result of recording various business combinations, our book carrying value of goodwill totaled \$28.8 million, or 2% of total assets, at December 31, 2004. We perform an annual review of goodwill and would more frequently if indicators of potential impairment exist, to determine if the recorded goodwill is impaired. Our impairment review process compares the fair value of the reporting unit to its book carrying value, including the goodwill related to the reporting unit. To determine the fair value, our review process uses the income method and is based on a discounted future cash flow approach that uses estimates, including the following for the reporting units: revenue, based on assumed market segment growth rates and our assumed market segment share, estimated costs and appropriate discount rates based on the particular business' weighted average cost of capital. These various estimates are reviewed annually and many are developed as part of our routine business planning and forecasting process. The inputs and outcomes of our discounted cash flow analysis are compared to available and comparable market data. We believe our estimates and assumptions are reasonable; however, variations from those estimates could produce materially different results. We have completed our annual impairment test of goodwill based upon carrying values as of December 31, 2004 and have determined there was no goodwill impairment.

Investments in Business Ventures. We hold less than majority investments in, and have receivables from, strategically aligned companies that totaled \$47.9 million at December 31, 2004. We employ the equity method of accounting for investments in business ventures when we have the ability to exercise significant influence over the operating and financial policies of the venture. Significant influence is generally deemed to exist if we have between 20% and 50% of the voting rights of an investee. We perform regular reviews of each investee's financial condition, the business outlook for its products and services and its present and projected results and cash flows. When an investee has experienced consistent declines in financial performance or difficulties in raising capital to continue operations, the investment is written down to a new cost basis when we expect the decline to be other-than-temporary. Actual results may vary from estimates due to the uncertainties regarding the projected financial performance of investees, the severity and expected duration of declines in value, and the available liquidity in the capital markets to support the continuing operations of the investees in which we have investments, all of which affect the application of this investment valuation policy.

Impairment of Long-Lived Assets. We assess the impairment of long-lived assets when events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Factors that we consider in deciding when to perform an impairment review include significant under-performance of a business segment or an asset grouping contained therein in relation to expectations and significant negative industry or economic trends. Recoverability of assets that will continue to be used in our operations is measured by comparing the carrying amount of the asset grouping to the related total future net cash flows. If an asset grouping's carrying value is not recoverable through the related cash flows, the asset grouping is considered to be impaired. The impairment is measured by the difference between the asset grouping's carrying amount and its fair value, based on the best information available, including market prices or discounted cash flow analysis.

Our offshore support vessels and many of our helicopters service offshore oil and gas companies that operate in a cyclical industry. We are required to exercise considerable judgment in assessing this cyclicity at the same time other events or changes in circumstances might indicate that the carrying amount of assets may not be recoverable. Furthermore, were we to be required to perform a

recoverability test, considerable judgment would be employed in projecting future cash flows and any variations in those assumptions could cause a change in the results of the test.

Self-insurance Liabilities. We maintain business insurance programs with respect to our offshore support vessels that contain significant self-insured retention. In addition, we maintain a self-insured health benefit plan for our participating employees. We limit our exposure to the business insurance programs and health benefit plans by maintaining stop-loss and aggregate liability coverage. We make estimates to record expenses related to these programs based upon historical experience. To the extent that estimated self-insurance losses differ from actual losses realized, our insurance reserves could differ significantly and may result in either higher or lower insurance expense in future periods.

Income Taxes. We record a valuation allowance to reduce our deferred tax assets if it is more likely than not that some portion or all of the deferred assets will not be realized. While we have considered future taxable income and ongoing prudent and feasible tax strategies in assessing the need for the valuation allowance, if these estimates and assumptions change in the future, we may be required to adjust our valuation allowance. This could result in a charge to, or an increase in, income in the period such determination is made. At December 31, 2004, we had deferred tax assets totaling \$29.9 million resulting primarily from net operating loss carryforwards expiring in 2023 and 2024 and foreign tax credit carryforwards expiring from 2010 through 2015. We believe that we will be able to utilize the remaining net operating loss carryforwards and net foreign tax credit carryforwards through the turnaround of existing temporary differences, future earnings, tax strategies or a combination thereof.

General

Offshore Marine Services

Our fleet services oil and gas exploration and production facilities mainly in the Gulf of Mexico, the North Sea, Latin America and Mexico, West Africa and Asia. The number and type of vessels we operate and their rates per day worked and utilization levels are the key determinants of Offshore Marine Services' operating results and cash flows.

The table below sets forth rates per day worked, utilization and available days data for our fleet during the periods indicated. The rate per day worked for any vessel with respect to any period is the ratio of total time charter revenue of such vessel to the aggregate number of days worked by such vessel for such period. Utilization with respect to any vessel during a given period is the ratio of aggregate number of days worked by such vessel to total calendar days available for work during such period. Available days represent the total calendar days during which owned and chartered-in vessels are operated by us.

Fleet	2004	2003	2002	Three Months Ended March 31,	
				2005	2004
Rates Per Day Worked:					
Anchor handling towing supply Domestic	\$ 19,037	\$ 19,028	\$ 21,275	\$ 20,226	\$ 15,888
Anchor handling towing supply Foreign	9,450	10,004	10,810	10,848	8,524
Crew Domestic	3,257	2,993	3,072	3,842	3,040
Crew Foreign	4,136	4,089	3,885	4,583	4,070
Geophysical, Freight and Other Foreign	14,000	N/A	N/A	17,000	

Edgar Filing: SEACOR HOLDINGS INC /NEW/ - Form 424B3

Mini-supply Domestic	2,919	3,001	2,825	3,088	2,919
Mini-supply Foreign	3,565	3,462	3,559	5,171	3,477
Standby safety Foreign	7,850	6,697	5,935	8,229	7,694
Supply Domestic	6,650	6,369	7,541	7,924	6,300
Supply Foreign	11,022	9,207	9,506	13,786	9,067
Towing supply Domestic	6,823	6,252	7,439	9,061	6,055
Towing supply Foreign	6,800	7,022	7,146	6,959	6,586
Utility Domestic	N/A	1,773	1,755	N/A	N/A
Utilization:					
Anchor handling towing supply Domestic	79.7%	64.2%	74.1%	91.3	68.2
Anchor handling towing supply Foreign	74.7%	81.5%	79.4%	73.2	61.5
Crew Domestic	88.0%	76.6%	78.7%	86.7	79.8
Crew Foreign	93.5%	85.6%	88.9%	83.6	93.6
Geophysical, Freight and Other Foreign	59.7%	N/A	N/A	33.3	N/A
Mini-supply Domestic	87.4%	88.5%	86.9%	81.5	81.5
Mini-supply Foreign	81.4%	89.7%	87.3%	16.1	82.8
Standby safety Foreign	88.6%	87.8%	87.4%	90.2	87.0
Supply Domestic	72.7%	61.3%	88.2%	74.5	71.7
Supply Foreign	76.9%	90.9%	95.2%	68.8	73.4
Towing supply Domestic	76.4%	97.3%	93.3%	83.9	56.7
Towing supply Foreign	67.3%	82.1%	80.9%	90.5	67.4
Utility Domestic	N/A	55.9%	60.6%	N/A	N/A
Overall Fleet Utilization	84.5%	76.7%	78.5%	83.5	78.6
Available Days:					
Anchor handling towing supply Domestic	1,129	1,825	1,766	470	304
Anchor handling towing supply Foreign	2,960	3,961	5,992	704	724
Crew Domestic	19,087	21,472	23,002	5,335	4,823
Crew Foreign	5,492	5,045	4,411	1,448	1,365
Geophysical, Freight and Other Domestic	91	365	600	90	91
Geophysical, Freight and Other Foreign	142	N/A	N/A	N/A	N/A
Mini-supply Domestic	9,676	10,300	8,864	2,330	2,457
Mini-supply Foreign	957	650	365	134	273
Standby Safety Foreign	7,686	7,349	7,647	1,890	1,911
Supply Domestic	2,809	4,037	4,904	548	790
Supply Foreign	3,386	4,091	4,234	620	910
Towing supply Domestic	1,006	925	1,460	360	273
Towing supply Foreign	3,347	4,676	5,304	810	1,026
Utility Domestic	N/A	12,679	16,534	N/A	N/A
Overall Fleet Available Days	57,768	77,375	85,083	14,739	14,947

Unless we decide to remove a vessel from operational service, there is little reduction in daily running costs such as crew cost, insurance and other support expenses. As a result, direct vessel operating costs as a percentage of revenues may vary substantially due to changes in rates per day worked and utilization. In some instances the cost of lay-up would necessitate paying "redundancy" expenses thereby making it more economical to keep a vessel in service, even if current utilization and rates do not cover daily operating expenses. We do not believe, however, in keeping equipment in service simply to avoid the cost of redundancy and does so only when we expect that conditions will improve soon enough to make it impractical to release personnel and re-hire them on a timely basis.

The aggregate cost of our operations primarily depends on the size and asset mix of the fleet. Offshore Marine Services' operating expenses include "daily running expenses," and other fixed costs. Daily running costs are primarily comprised of wages paid marine personnel, maintenance and repairs and insurance, which vary depending on equipment type, location and activity. Two significant components of maintenance and repair expenses are drydock and main engine overhaul costs. Vessel drydockings are regularly performed in accordance with applicable regulations as are main engine overhauls in accordance with manufacturers' recommendations. Should we undertake a disproportionate number of drydockings and or main engine overhauls in a particular fiscal year, comparative operating expense results may be affected. Depreciation and charter-in expenses are Offshore Marine Services' principal fixed costs. Depreciation depends on the acquisition costs of vessels and their related useful life assumptions. When vessels are sold and leased back, (bareboat chartered), depreciation and finance charges become indirectly assimilated into operating expenses via a lease payment.

A portion of our operating revenues and expenses, primarily related to our North Sea operations are received and paid in Pounds Sterling. For financial statement reporting purposes, these amounts are translated into U.S. dollar equivalents at the weighted average exchange rates in effect during the applicable periods.

We believe our strong financial condition, diverse fleet and broad geographical distribution of vessels assist us in weathering the effects of industry downturns. Our financial position also enables us to capitalize on opportunities as they develop for purchasing, mobilizing, or upgrading vessels to meet changing market conditions and optimize the financial performance of the fleet.

Environmental Services

Environmental Services provides emergency oil spill and hazardous material response and industrial remediation services. Our customers are tank and non-tank vessel owner/operators, refiners and terminal operators, exploration and production facility operators, pipeline operators, power generating operators, airports and industrial companies. We assist our customers in complying with the requirements imposed on them by OPA 90, various state and municipal regulations and international marine conventions. We also offer consulting and planning services on a retainer and on an as-needed basis.

Operating results and cash flows are very dependent on the number of spill responses in a given fiscal period and the magnitude of each spill. Consequently, spill response revenues and related income and cash flows can vary materially between comparable periods and the revenues from any one period is not indicative of a trend or of anticipated results in future periods. In 2003, Environmental Services had extensive operations in Iraq and in 2004, responded to a major oil spill on the Delaware River in the United States.

Costs of oil spill response activities can include payments to sub-contractors for labor, equipment and materials and/or the direct charge of labor, equipment and materials provided by Environmental Services. Profits earned on equipment intensive responses tend to be better than the profits earned on labor-intensive responses. The cost of equipment is largely fixed in relation to the capital investment whereas the cost of labor is variable. Further, labor costs can increase significantly when overtime payments are required as is typically the case with emergency responses that occur outside of normal business hours. Profit margins can also vary based on the use of our own personnel and equipment resources versus the use of third party personnel and equipment.

We charge a retainer fee for ensuring by contract the availability (at predetermined rates) of our response services and equipment. Retainer services include employing a staff to supervise response to an oil spill emergency and maintaining specialized equipment, including marine equipment, in a ready state for emergency and spill response as contemplated by response plans filed by our customers in accordance with OPA 90 and various state regulations. Environmental Services maintains relationships with numerous environmental sub-contractors to assist with response operations and equipment maintenance and provide trained personnel for deploying equipment in a spill response.

Environmental Services charges fees for its consulting and industrial and remediation services on both a time and material basis and on a fixed fee bid basis. In both cases the total fees charged are dependent upon the scope of work to be accomplished and the labor and equipment to carry it out. The margins on time and material services are more predictable and for the most part are larger. As with emergency response work, the margins on equipment intensive jobs are higher than labor-intensive jobs.

The principal components of Environmental Services' operating expenses are salaries and related benefits for operating personnel, payments to subcontractors, equipment maintenance and depreciation. These expenses are primarily a function of regulatory requirements and the level of retainer, spill, consulting and other environmental business activities.

Inland River Services

Inland River Services is primarily engaged in the operation of a fleet of dry cargo barges on the U.S. inland waterways in the U.S. and transports a range of dry-bulk commodities, such as grain, coal, aggregate, ore, steel, scrap steel and fertilizers.

We embarked several years ago on a construction program to upgrade and modernize Inland River Services' fleet and intends to maintain a modern and productive fleet. At the end of 2004, the average age of the dry cargo barge fleet was less than 3 years which we believe is among the youngest fleets on the U.S. inland waterways system. We expect the younger fleet to enhance our customer service by improving availability and reliability due to reduced downtime for repairs. We also expect our younger fleet to reduce the amount of replacement capital expenditures needed in future years to maintain our fleet size and thus our revenue generating capacity.

Generally, we believe the primary barriers to effective competitive entry into the U.S. inland waterways markets are the complexity of operations, consolidation of the towing industry and the difficulty in assembling a sufficiently large fleet to operate efficiently. A large fleet and experienced personnel are required for an operator to be efficient in the execution of voyages and its ability to spread risk. Competitive factors among established operators primarily include the price and availability of barges. In addition to reliability, barge operators must have equipment of a suitable type and in condition for a specific cargo.

We generally charge a price per ton from a specific point of origin to a specific destination for the transportation of dry bulk commodities. Customers are permitted a specified number of days to load and discharge the cargo, and thereafter pay a per diem rate for extra time. From time to time, a small number of our dry cargo barges will be used for storage for a period prior to delivery.

As of December 31, 2004, 318 of our dry cargo barges are chartered to, and operated by, other operators for various periods of time for a fixed rate per day. We seek to maintain a balance in northbound and southbound cargo commitments in order to optimize fleet utilization. We also seek to balance our book of business between spot market and long-term commitments in order to provide a more stable cash flow while maintaining the opportunity to participate in the higher day rates primarily experienced during the fall grain harvest season. If factors such as the access to discharge destinations are suitable, we believe that dry cargo barge transportation provides a cost advantage over alternative modes of inland transportation as it provides the lowest unit cost of delivery for high volume bulk products.

The majority of dry cargo barges owned and those leased-in and certain others managed for third parties participate in pooling arrangements. Pursuant to these pooling arrangements, operating revenues and voyage expenses are pooled and the net results are allocated to participants based upon the number of days the barges participate in the pool.

In order to mitigate our exposure to market fluctuations in the cost of towing, fleeting, cleaning and switching services which are essential to Inland River Services' operation, we have established several preferred vendor relationships for those services.

In 2004, Inland River Services earned 79%, 11% and 10% of its operating revenues from the participation in dry cargo barge pools that it managed, charter-out of dry cargo barges and operation of inland towboats and other activities, respectively. The following table presents, for the years indicated, Inland River Services' interest in the tons hauled, percentage of tons moved and percentage of operating revenues derived from the movement of cargo and earned from its participation in dry cargo barge pools.

(in thousands)	2004			2003			2002		
	Tons	Percent of Tons	Percent of Revenues	Tons	Percent of Tons	Percent of Revenues	Tons	Percent of Tons	Percent of Revenues
Grain	1,690	41%	43%	886	44%	49%	390	47%	42%
Non-Grain	2,387	59%	57%	1,107	56%	51%	442	53%	58%
	4,077	100%	100%	1,993	100%	100%	832	100%	100%

Dry cargo barge operating expenses are typically differentiated between those directly related to voyages and all other dry cargo barge operating costs. Cargo voyage expenses primarily include towing, switching, fleeting and cleaning costs; non-voyage related operating expenses include such costs as repairs, insurance and depreciation. For barges chartered-out, related expense is limited to depreciation.

We have also invested in twenty 10,000 barrel ("bbl") chemical tank barges which are managed by and participate in a chemical tank barge pool with a third party experienced in that segment of the industry. We expect to take delivery of another sixteen of such barges during the first half of 2005. We believe that the investment in 10,000 bbl chemical tank barges represents an opportunity to benefit from increasing demand for modern equipment as older equipment is retired.

Helicopter Services

Our helicopter services consist of the following distinct services, segregated by region or function: Gulf of Mexico Oil and Gas, Alaska Oil and Gas and Utility, Alaska Flightseeing, Firefighting, and Leasing.

Helicopter Services' fleet principally provides transportation services to the offshore oil and gas exploration, development and production industry that operates in the Gulf of Mexico. The Era acquisition on December 31, 2004 approximately tripled the size of Helicopter Services' fleet to 127 helicopters and expanded the scope of its operations in the Gulf of Mexico. The Era acquisition has also allowed Helicopter Services to enter transportation services in the oil and gas industry and the flight-seeing tourist industry in Alaska and the forestry support industry in the western United States.

Helicopter Services' operating revenue depends on the demand for its transportation services and the pricing and terms of its contracts. As with our offshore marine operations, drilling activity is a major factor influencing demand for our equipment. We measure the demand for our helicopter services in flight hours. In the Gulf of Mexico and Alaska seasonal weather conditions impact revenue. In the Gulf of Mexico most operations are conducted during daylight: longer summer days afford the opportunity for more flight hours and revenues. We are working to diversify flight services by leasing out surplus aircraft. Another key source of revenues is forest fire control services throughout the western United States and Alaska tourism.

Transportation services provided offshore oil and gas production customers represent a significant portion of our operations. Our offshore oil and gas industry customers' exploration and development activities are influenced by actual and expected trends in commodity prices for oil and gas. Exploration and development activities generally use medium size and larger aircraft on which we typically earn higher margins. Production related activities are less sensitive to variances in commodity prices, and accordingly provide a more stable activity base for our flight operations. We estimate that a majority of our current oil and gas operating revenue in Helicopter Services is related to production related activities of our customers. Drilling related activities affect the demand for our crew change services.

Most of our flight services are provided under short-term contractual arrangements or on an as-needed basis under master service agreements. Term contracts are only occasionally available, and then they are usually confined to flying for major oil and gas companies. Our oil and gas, forestry support and other contracts are generally based on a two-tier rate structure consisting of a daily or monthly fixed fee plus additional fees for each hour flown. We also perform "ad hoc" services where our charges can be based on an hourly rate.

Maintenance and repair expenses, employee compensation, insurance costs and fuel expenses represent a significant portion of Helicopter Services overall operating expenses. We expense maintenance and repair cost, including major aircraft component overhaul costs, as incurred. Third party vendors maintain certain major aircraft components, primarily engines and transmissions, under contractual arrangements. The maintenance costs related to these contractual arrangements are recorded ratably as the components are used. In addition to these variable operating expenses, we incur fixed charges for depreciation of our helicopters and other property and equipment.

For accounting purposes, we depreciate our helicopters on a straight-line basis over their estimated useful lives to an estimated residual value of 30% of their original cost. We generally estimate the life of a helicopter to be no more than 12 years from the date of build.

Increased offshore activity should increase demand for our helicopter services. We believe that in order for us to participate effectively in an improving market, Helicopter Services' fleet should be modernized. Our emphasis in our fleet renovation program has been and continues to be to invest in new technology equipment with enhanced safety features and greater performance characteristics than existing equipment. We believe we have had opportunities to negotiate and place orders for modern equipment at attractive prices.

In measuring and evaluating our performance, we look at flight hours flown. In 2004 we operated 46 aircraft with an aggregate of 26,348 flight hours and in 2003 we operated 40 aircraft with an aggregate of 21,502 flight hours. These hours are only reflective of historical performance before the completion of the Era acquisition and therefore are not indicative of management's expectations for future flight hours for the Helicopter Services' increased fleet size.

Other Activities

Our equity investee, Globe Wireless, has experienced negative cash flow. We presently expect Globe Wireless can achieve operating cash break-even without requiring additional equity funding from its shareholders. There can be no assurances that Globe Wireless' future operations will be successful. Should Globe Wireless be unable to meet its funding requirements, SEACOR would be required to

Edgar Filing: SEACOR HOLDINGS INC /NEW/ - Form 424B3

commit additional funding or record an impairment charge with respect to its investment. As of December 31, 2004, our carrying value of our equity investment in Globe Wireless was \$14.8 million.

Results of Operations

The table below provides an analysis of our consolidated statements of income for each year indicated. See Note 14, "Major Customers and Segment Data" to our consolidated financial statements included in this prospectus for additional financial information about our business segments and geographical areas of operation. We commenced the separate reporting of our Inland River Services activities as a business segment in the first quarter of 2004 due to its increased significance from capital expansion and our Helicopter Services activities as a business segment in the fourth quarter of 2004 due to the expected increase in its significance following the acquisition of "Era" on December 31, 2004.

Consolidated Results

(in thousands)	For the Three Months Ended March 31,												
	2004		2003		2002		Percent Change		2005		2004		Percent Change
	Amount	Percent	Amount	Percent	Amount	Percent	04/03	03/02	Amount	Percent	Amount	Percent	05/04
Operating Revenues:													
Offshore Marine Services	\$ 286,721	58%	\$ 316,116	78%	\$ 367,969	91%	(9)%	(14)%	\$ 80,350	49%	\$ 66,016	69%	22%
Environmental Services	115,014	23%	44,045	11%	22,087	6%	161%	99%	35,893	22%	16,392	17%	119%
Inland River Services	66,568	14%	27,859	7%	12,607	3%	139%	121%	25,530	15%	8,576	9%	198%
Helicopter Services	27,180	6%	20,604	5%		0%	32%	100%	21,599	13%	5,827	6%	271%
Other		0%	136	0%	762	0%	(100)%	(82)%	2,276	1%		0%	100%
Eliminations	(3,623)	(1)%	(2,551)	(1)%	(267)	0%	42%	855%	(463)		(837)	(1)%	(45)%
	<u>491,860</u>	<u>100%</u>	<u>406,209</u>	<u>100%</u>	<u>403,158</u>	<u>100%</u>	<u>21%</u>	<u>1%</u>	<u>\$ 165,185</u>	<u>100%</u>	<u>\$ 95,974</u>	<u>100%</u>	<u>72%</u>
Operating Income(1)													
Operating Income(1)	28,672	6%	23,251	6%	52,392	13%	23%	(56)%	\$ 26,323	16%	\$ (4,455)	(4)%	691%
Other Income (Expense), net	(4,386)	(1)%	(1,802)	(0)%	13,750	4%	143%	(113)%	383	0%	(586)	(1)%	165%
Income Before Taxes, Minority Interest and Equity Earnings													
Income Before Taxes, Minority Interest and Equity Earnings	24,286	5%	21,449	6%	66,142	17%	13%	(68)%	26,706	16%	(5,041)	(5)%	630%
Income Taxes	8,573	2%	10,396	3%	23,034	6%	(18)%	(55)%	9,740	6%	(1,502)	1%	748%
Income Before Minority Interest and Equity Earnings													
Income Before Minority Interest and Equity Earnings	15,713	3%	11,053	3%	43,108	11%	42%	(74)%	16,966	10%	(3,539)	(4)%	579%
Minority Interest	(483)	0%	(517)	0%	(226)	0%	(7)%	129%	34	0%	5	0%	580%
Equity Earnings	4,659	1%	1,418	0%	3,705	1%	229%	(62)%	1,617	1%	570	1%	184%
Loss from Discontinued Operations									(26)	0%		0%	100%
Net Income	<u>\$ 19,889</u>	<u>4%</u>	<u>\$ 11,954</u>	<u>3%</u>	<u>\$ 46,587</u>	<u>12%</u>	<u>66%</u>	<u>(74)%</u>	<u>\$ 18,591</u>	<u>11%</u>	<u>\$ (2,964)</u>	<u>(3)%</u>	<u>727%</u>

(1)

Includes net gains on asset sales of \$10,234 in 2004, \$17,522 in 2003 and \$8,635 in 2002 resulting principally from the sale of offshore support vessels.

In the three months ended March 31, 2005 ("Current Year Quarter"), consolidated net income was \$18.6 million as compared to a consolidated net loss of \$3.0 million in the three months ended March 31, 2004 ("Prior Year Quarter"). Increased operating profits earned by Offshore Marine Services, Environmental Services and Inland River Services were partly offset by increased operating losses of Helicopter Services. The Company's equity interest in the earnings of 50% or less owned companies also improved in the Current Year Quarter due principally to increased Offshore Marine Services' joint venture profits.

Consolidated net income improved in fiscal 2004 due principally to the after-tax effect of a (i) \$3.5 million increase in operating income, in which improved Inland River Services' and Environmental Services' profits exceeded declines in earnings of Offshore Marine Services and increased losses in Helicopter Services, (ii) \$1.9 million non-recurring provision for a foreign tax credit valuation allowance recognized in 2003, (iii) \$1.5 million increase in net interest expense, and (iv) \$3.2 million increase in equity earnings.

Consolidated net income declined in fiscal 2003 due principally to the after-tax effect of a (i) \$18.9 million decline in operating income, in which lower Offshore Marine Services' profits and Helicopter Services losses exceeded the improvement in earnings of Environmental Services' and Inland River Services', (ii) \$12.8 million non-recurring gain recognized in 2002 in connection with the Chileans

Merger, (iii) \$7.0 million increase in income from derivative transactions and the sale of marketable securities, (iv) \$2.3 million increase in net interest expense, (v) \$1.9 million provision for a foreign tax credit valuation allowance and (vi) \$2.3 million decline in equity earnings.

Offshore Marine Services

(in thousands)	For the Three Months Ended March 31,											
	2004		2003		2002		Percent Change		2005		2004	
	Amount	Percent	Amount	Percent	Amount	Percent	04/03	03/02	Amount	Percent	Amount	Percent
Operating Revenues:												
United States, primarily												
Gulf of Mexico	\$ 127,152	44%	\$ 145,378	46%	\$ 178,929	49%	(13)%	(19)%	\$ 40,640	51%	\$ 28,342	43%
North Sea	73,120	26%	73,550	23%	89,060	24%	(1)%	(17)%	18,033	22%	16,935	26%
West Africa	46,521	16%	54,487	17%	57,589	16%	(15)%	(5)%	12,552	16%	12,488	19%
Latin America and												
Mexico	24,359	8%	20,644	7%	17,064	5%	18%	21%	5,360	7%	5,035	8%
Asia	14,009	5%	18,886	6%	23,493	6%	(26)%	(20)%	3,279	4%	2,858	4%
Other Foreign	1,560	1%	3,171	1%	1,834	0%	(51)%	73%	486	0%	358	0%
	\$ 286,721	100%	\$ 316,116	100%	\$ 367,969	100%	(9)%	(14)%	\$ 80,350	100%	\$ 66,016	100%
Operating Income	\$ 19,382	7%	\$ 24,244	8%	\$ 58,223	16%	(20)%	(58)%	\$ 22,252	28%	\$ (1,525)	(2)%

Operating Revenues. Operating revenues increased significantly in the Current Year Quarter. Rates per day worked improved worldwide. Utilization improved for vessels in many of our operating regions. Operating revenues also improved as a result of fleet modernization, a net increase in the number of vessels entering time charter-out service upon concluding bareboat-out charter arrangements and a strengthening between years in the Pound Sterling currency relative to the U.S. dollar with respect to Offshore Marine Services' North Sea operations.

Net vessel dispositions decreased operating revenues \$27.4 million in fiscal 2004. Forty-three vessels were sold in the year, including 26 utility vessels "retired from service", and charters for 10 vessels were not renewed upon termination. Fleet dispositions were offset by the purchase of 16 vessels and the charter-in of 3 vessels. Declines in utilization and rates per day worked for our larger overseas vessels and Gulf of Mexico mini-supply vessels were partly offset by improved results from the operation of crew and standby safety vessels resulted in lowered operating revenues of approximately \$4.6 million. Operating revenues also declined \$5.0 million due primarily to a net increase in the number of vessels entering bareboat charter-out service upon concluding time charter-out arrangements. These declines were partly offset by an increase in reported operating revenues of \$7.6 million that resulted from a strengthening between years in the Pound Sterling currency relative to the U.S. dollar with respect to Offshore Marine Services' North Sea operations.

Reduced rates per day worked and utilization lowered operating revenues by \$17.0 million and \$15.4 million, respectively in fiscal 2003. Vessel demand was particularly weak in the Gulf of Mexico due to depressed rig utilization. Net fleet dispositions decreased operating revenues by \$21.1 million. During 2003, 17 utility vessels were "retired from service" following our decision to divest ourselves of this vessel type. In addition, 57 vessels including 4 utility vessels that were previously classified as "retired from service" were sold and 10 chartered-in vessels were redelivered to owners upon charter termination. Fleet dispositions and those retired from service were offset by Offshore Marine Services' purchase of 9 vessels and charter-in of 6 vessels. Vessel additions reflected our strategy to modernize our fleet. Operating revenues also declined \$3.3 million due principally to vessels entering bareboat charter-out service that previously operated under time charter-out arrangements. These declines were partly offset by an increase in reported operating revenues of \$4.9 million that resulted from a strengthening between years in the Pound Sterling currency relative to the U.S. dollar with respect to Offshore Marine Services' North Sea operations.

Operating Income (Loss). Operating income improved due to those factors affecting operating revenues, a \$9.5 million increase in gains on asset sales and a \$0.9 million decline in administrative and general expenses that resulted from staff reductions. Improved operating income was partly offset by increased vessel operating expenses between years due principally to increased (i) seamen redundancy

costs associated with workforce reductions, (ii) repair and maintenance expenses on towing and anchor handling towing supply vessels and (iii) fuel costs associated with our North Sea operations.

Operating income was lower in fiscal 2004 due to decreases in utilization and rates per day worked as described above. Profits declined with reduced asset sale gains. Vessel operating expenses increased between years due principally to (i) the provisioning for loss contingencies with respect to insurance contract deductibles, (ii) higher seamen redundancy costs associated with workforce reductions, (iii) increased vessel importation fees in certain West African countries and (iv) a rise in compensation paid foreign seamen. These declines were partly offset by the replacement of underutilized older vessels with new, more profitable vessels. Declining fleet size resulted in administrative staff reductions and lower administrative costs.

The decline in operating income in fiscal 2003 resulted from those factors affecting operating revenues, described above, and increased operating and administrative expenses. Additional vessel sale and leaseback transactions increased charter-in expenses. Reductions in the size of Offshore Marine Services fleet resulted in redundancy payments to both seamen and staff personnel. Vessel insurance premiums increased, as did compensation paid foreign seamen.

Although there was an increase in reported operating revenue due to the strengthening in the Pound Sterling relative to the U.S. dollar, currency exchange rate fluctuations had no material effect on operating results, because Offshore Marine Services also pays its North Sea expenses in Pounds Sterling.

Environmental Services

(in thousands)	For the Three Months Ended March 31,											
	2004		2003		2002		Percent Change		2005		2004	
	Amount	Percent	Amount	Percent	Amount	Percent	04/03	03/02	Amount	Percent	Amount	Percent
Operating Revenues:												
U.S.	\$ 105,691	92%	\$ 26,251	60%	20,084	91%	303%	31%	\$ 31,298	87%	\$ 15,517	95%
Foreign	9,323	8%	17,794	40%	2,003	9%	(48)%	788%	4,595	13%	875	5%
	\$ 115,014	100%	\$ 44,045	100%	22,087	100%	161%	99%	35,893	100%	16,392	100%
Operating Income	\$ 11,985	10%	\$ 9,128	21%	1,026	5%	31%	790%	\$ 4,564	13%	\$ 954	6%

Operating Revenues. Results improved in the Current Year Quarter due largely to increased spill response activities, retainer fees and expanded services internationally. Environmental Services continued its response in the Current Year Quarter to a major oil spill on the Delaware River that began in December 2004. Activities connected with that spill declined from the fourth quarter of 2004 and are expected to continue at lower levels in the second quarter of 2005. Retainer fees that we charged for ensuring by contract the availability of Environmental Services' response services and equipment to customers were increased in the Current Year Quarter. Environmental Services now also provides oil spill response services in the Caspian region.

The operating results of Environmental Services are very dependent on the number of spill responses in a given period and the magnitude of each spill. Consequently, spill response revenues and related income can vary materially between comparable periods, and the operating revenues earned in any one period are not indicative of a trend or of anticipated results in future periods. Spill response activities approximated 51% of Environmental Services operating revenues in the Current Year Quarter as compared to 27% in the Prior Year Quarter.

Results improved significantly in fiscal 2004 for two reasons: a \$25.6 million increase in spill response revenue largely associated with the response to a major oil spill on the Delaware River and \$37.3 million due to the acquisition in the fourth quarter of the prior year of NRCES, formerly Foss Environmental Services, Inc. Results also improved as a result of increased consulting and project management activities. Spill response activities approximated 49% of Environmental Services operating revenues in 2004.

Operating revenues increased in fiscal 2003 with the provisioning of spill response, spill management, containment, and remediation services in association with "Operation Iraqi Freedom" and the acquisition in the fourth quarter of 2003 of NRCES. Spill response activities approximated 41% of Environmental Services' operating revenues in 2003.

Operating Income. Operating income increased in the Current Year Quarter due to improved operating revenues and profitability on spill response and retainer activities.

Although Environmental Services' operating income improved in 2004, profits as a percent of sales declined from the prior year. The Delaware River spill response required significant sub-contractor support that resulted in reduced profit margins.

Operating income increased in 2003 due to those factors affecting operating revenues and a decline in depreciation expense. Profit margins earned on activities in Iraq were higher than those customarily earned on most spill response projects because of the associated level of risk and difficulty of logistical support. Depreciation expense declined as various assets reached the end of their depreciable lives.

Inland River Services

(in thousands)									For the Three Months Ended March 31,			
	2004		2003		2002		Percent Change		2005		2004	
	Amount	Percent	Amount	Percent	Amount	Percent	'04/'03	'03/'02	Amount	Percent	Amount	Percent
Operating Revenues (U.S. only)	\$ 66,568	100%	\$ 27,859	100%	\$ 12,607	100%	139%	121%	\$ 25,530	100%	\$ 8,576	100%
Operating Income	\$ 16,896	25%	\$ 5,222	19%	\$ 3,504	28%	224%	49%	\$ 7,664	30%	\$ 1,016	12%

Operating Revenues. Results improved in the Current Year Quarter due largely to fleet additions and improved freight rates. Inland River Services' owned and chartered-in barge fleet grew approximately 60% from 564 barges at March 31, 2004 to 901 barges at March 31, 2005. Inland River Services also acquired a majority interest in 3 towboats in July 2004. Freight rates improved as a result of increased demand for non-grain shipping capacity and a decline in barge availability within the industry caused by adverse river conditions.

Barge and towboat fleet expansion, the hauling of greater freight volumes, higher freight rates and an increase in cargo stored aboard dry cargo barges improved results in fiscal 2004. The number of barges owned and chartered-in by Inland River Services increased 61% during the year to 876 barges at December 31, 2004. Freight volumes and rates increased due to the short supply of properly positioned dry cargo barges, increased non-grain loadings and improved harvest activity. Storage revenues also increased in fiscal 2004 due to higher levels of fertilizer imports and adverse river conditions during the winter months.

Fleet expansion and the charter-in of additional barges improved operating revenues in fiscal 2003. The number of barges owned and chartered-in by Inland River Services increased 84% during the year to 543 barges at December 31, 2003.

Operating Income. Operating income increased in the Current Year Quarter due to barge fleet expansion and improved profitability that resulted from increased freight rates. These operating income improvements were partly offset by higher operating expenses. Towing expenses increased in the Current Year Quarter due primarily to higher fuel costs.

Operating income increased in fiscal 2004 due to those factors affecting operating revenues. These improvements were partly offset by higher fuel costs and dry cargo barge lease costs for the charter-in of 182 barges that entered service in the second half of 2003. Operating income also improved as a percent of operating revenues due to increased freight rates.

Operating income increased in fiscal 2003 due to those factors affecting operating revenues. "Start-up" and lease costs associated with the charter-in of 182 dry cargo barges in the second half of

the year and increased dry cargo barge towing expenses, resulting from rising fuel costs, lowered Inland River Services operating income as a percent of operating revenues.

Helicopter Services

(in thousands)	For the Three Months Ended March 31,											
	2004		2003		2002		Percent Change		2005		2004	
	Amount	Percent	Amount	Percent	Amount	Percent	'04/'03	'03/'02	Amount	Percent	Amount	Percent
Operating Revenues (U.S. only)	\$ 27,180	100%	\$ 20,604	100%	\$	%	32%	N/A	\$ 21,599	100%	\$ 5,827	100%
Operating Loss	\$ (4,344)	16%	\$ (3,249)	16%	\$	%	34%	N/A	\$ (4,395)	(20)%	\$ (1,893)	(32)%

Operating Revenues. Fleet expansion resulting primarily from the December 31, 2004 Era acquisition improved operating revenues in the Current Year Quarter. Era owned 81 helicopters at acquisition.

Fleet expansion improved results in fiscal 2004. Seven helicopters, including two that were leased-in from Era, entered service in the year.

We completed the acquisition of Tex-Air's fleet of helicopters on December 31, 2002 and commenced helicopter operations on January 1, 2003 with a fleet of 36 helicopters. There were five net helicopter additions to Helicopter Services' fleet during the year.

Operating Loss. Due to the seasonal nature of tourism in Alaska, 19 helicopters were idle for most of the Current Year Quarter. In addition, 10 helicopters customarily engaged in fire-fighting service during the summer months were idle for most of the Current Year Quarter. Helicopter Services also schedules maintenance during the off-season for these 29 helicopters and hence maintains its staff to prepare this equipment for spring and summer operations. Inventory is used in conjunction with this preparation and its cost is expensed during the period in which it is consumed. The Current Year Quarter includes approximately \$0.7 million of nonrecurring charges, principally associated with the integration of Era.

An increase in expenses resulting from the commencement of operation of additional helicopters, including costs for mandatory FAA proving flights and flight and maintenance training related to introducing a new type of medium-sized twin engine helicopter, and major repairs to restore to service existing helicopters whose status was non-operational exceeded increases in operating revenues in fiscal 2004.

Corporate Expenses and Other included in Operating Income

(in thousands)	For the Three Months Ended March 31,									
	Amount			Percent Change		2005		2004		
	2004	2003	2002	'04/'03	'03/'02	Amount	Percent	Amount	Percent	
Corporate Expenses	\$ 15,330	\$ 11,926	\$ 11,165	29%	7%	\$ 4,183	111%	\$ 3,007	100%	
Other	(83)	168	(804)	(149)%	121%	(421)	(11)%		0%	
	\$ 15,247	\$ 12,094	\$ 10,361	26%	17%	\$ 3,762	100%	\$ 3,007	100%	

Corporate expenses increased in the Current Year Quarter due to increased business development, public filing and incentive based compensation plan costs. Other operating income improved in the Current Year Quarter due to the acquisition of Era's Fixed Base Operation, which sells fuel and provides ground services to transient corporate aircraft at the Ted Stevens Anchorage International Airport.

Expanded audit services necessary to comply with Section 404 of the Sarbanes-Oxley Act of 2002, higher performance based compensation payments and office facility costs and increased business development activities increased corporate administrative and general expenses in fiscal 2004.

Other Income (Expenses), net

(in thousands)	For the Three Months Ended March 31,				
	2004	2003	2002	2005	2004
Net Interest Expense	\$ (14,063)	\$ (11,782)	\$ (8,231)	\$ (3,912)	\$ (3,999)
Debt Extinguishment Expense		(2,091)	(2,338)		
Gain Upon Sale of Shares of Chiles			19,719		
Derivative Income (Loss), net	1,166	2,389	(5,043)	(1,590)	79
Foreign Currency Transaction Gains, net	1,537	3,739	6,281	(549)	466
Marketable Securities Sale Gains, net	6,435	6,595	3,218	6,234	2,749
Other, net	539	(652)	144	200	119
	<u>\$ (4,386)</u>	<u>\$ (1,802)</u>	<u>\$ 13,750</u>	<u>\$ 383</u>	<u>\$ (586)</u>

Net interest expense remained steady in the Current Year Quarter. Increased interest income on temporary cash investments was offset by increased interest expense primarily resulting from our sale in December 2004 of \$250.0 million of our 2.875% convertible senior debentures.

Derivative transactions, primarily related to foreign currency contracts, resulted in losses in the Current Year Quarter as compared to income in the Prior Year Quarter.

Net other expense increased in fiscal 2004. Net interest expense rose between years as a decline in vessel construction activity decreased capitalized interest and short-term borrowings increased between years. Prior year's results included non-recurring income associated with an expired derivative position that hedged our common stock investment in ENSCO. Foreign currency transaction gains were also lower in the year. These increases in expenses or decreases in income were partly offset by the non-recurrence of debt extinguishment expenses and losses associated with impairment in an investment that was accounted for using the cost method.

We recognized net other expense in fiscal 2003 as compared to net other income in the prior year. An increase in interest expense resulting from our issuance in September 2002 of our 5⁷/₈% Senior Notes Due October 2012 (the "5⁷/₈% Notes") and declining interest income was partly offset by increased capitalized interest relating to vessel construction. 2002 included a non-recurring gain that resulted from the Chiles Merger. Foreign currency transaction gains declined between years. Results in 2003 included a \$1.2 million impairment charge with respect to an investment that was accounted for using the cost method. These increases in expenses or decreases in income were partly offset by improved results from derivative positions that hedged our common stock investment in ENSCO and the non-recurrence of losses from U.S. Treasury rate locks. Equity security sale gains also improved between years.

Net foreign currency exchange gains for all periods result primarily from the effect of currency exchange rate changes on intercompany loans (denominated in Pounds Sterling) and other transactions denominated in currencies other than the functional currency of various SEACOR subsidiaries. In recent years, the Pound Sterling currency strengthened against the U.S. dollar. Marketable securities sale gains in all reported periods include net gains from the sale of equity and fixed income marketable securities and short-sale positions. Our sale in December 2004 of our 2.875% Convertible Senior Debentures due December 15, 2024 (the "2.875% Notes") is expected to increase interest expense in 2005.

Income Taxes

Our effective income tax rate of 48.5% in 2003 was due primarily to the provision of a \$1.9 million valuation allowance for foreign tax credits that may expire before utilization and a \$0.5 million tax consequence of non-deductible expenses.

As a result of the American Jobs Creation Act of 2004, we believe we will be in the position to repatriate, for a limited time, accumulated foreign earnings at an effective federal tax rate of 5.25%, which would result in tax obligations significantly less than the deferred taxes previously provided for our unremitted earnings of foreign subsidiaries. We are exploring the full impact of the legislation and expects to finalize our repatriation plan during the second quarter of 2005; however, the income tax benefit of such repatriation plan cannot be reasonably estimated at this time. We will recognize the income tax benefit of this special "one-time dividends received deduction" during the period that we have decided on a plan for repatriation.

Equity Earnings

Equity earnings increased in 2004. A provision in the prior year for U.S. income taxes payable on dividends received from a joint venture did not recur. An improvement in profits earned by our offshore marine joint venture in Mexico was partly offset by a loss recognized upon our sale of our equity interest in an offshore marine joint venture in Asia. Profits rose for the handy-max bulk carrier vessel in which our joint ventures with strengthening demand for dry-cargo shipping services. We recorded a \$0.5 million impairment charge during the year with respect to an investment in an entity that develops and sells software to the ship brokerage and shipping industry.

Results for 2003 declined due primarily to a \$1.6 million charge for U.S. income taxes payable on a dividend received from Offshore Marine Services' joint venture in Mexico. Earnings were also reduced by \$1.1 million as we ceased to report equity in the earnings of Chiles following the Chiles Merger in 2002 and as a result of lower profits earned by Offshore Marine Services' joint ventures operating in Trinidad, Singapore and the U.K. Weak demand lowered joint venture results in Trinidad. Two vessels operating in Asia were sold at a loss. Significant repairs were performed on a North Sea joint venture vessel. Declines were partly offset by improved results from Offshore Marine Services' joint venture results in Argentina, Chile and Brazil due to increased vessel utilization and fleet growth. The operating losses of Globe Wireless declined between years. Prior year results included an impairment charge relating to our investment in an entity that develops and sells software to the ship brokerage and shipping industry.

Loss from Discontinued Operations

On December 31, 2004, we acquired 16 fixed wing aircraft in the Era acquisition. On May 27, 2005, we announced that we had entered into an agreement to sell this fixed wing business. Its operating results, a slight loss during the Current Year Quarter, have been reported as "Discontinued Operations" in the Consolidated Results of Operations. At March 31, 2005, assets and related liabilities of the fixed wing business, amounting to \$23.0 million and \$6.5 million, respectively, and one acquired Era helicopter, valued at \$2.1 million, were held for sale. Held for sale assets and related liabilities have been reported in "Prepaid expenses and other current assets" and "Other current liabilities", respectively, in the Condensed Consolidated Balance Sheets.

Liquidity and Capital Resources

General

Our ongoing liquidity requirements arise primarily from the funding of working capital needs, acquisition, construction or improvement of equipment, repayment of debt obligations, repurchase of

Edgar Filing: SEACOR HOLDINGS INC /NEW/ - Form 424B3

common stock and purchase of other investments. Principal sources of liquidity are cash balances, marketable securities, construction reserve funds, cash flows from operations and borrowings under our revolving credit facility although, from time to time, we may issue debt, shares of Common Stock, preferred stock, or a combination thereof, or sell vessels and other assets to finance the acquisition of equipment and businesses or make improvements to existing equipment. Fleet size, rates of hire and utilization of our offshore support vessels, inland barges and helicopters and the number and severity of oil spills managed by Environmental Services primarily determine our levels of operating cash flows.

Summary of Cash Flows

(in thousands)	For the Three Months Ended March 31,				
	2004	2003	2002	2005	2004
Cash Provided by or (used in):					
Operating Activities	\$ 32,976	\$ 44,996	\$ 66,795	\$ 42,816	\$ 6,370
Investing Activities	(316,572)	(1,741)	6,167	143,130	(29,882)
Financing Activities	231,725	(127,525)	87,205	(3,370)	(3,725)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	3,125	5,359	1,485	(1,564)	1,461
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (48,746)	\$ (78,911)	\$ 161,652	\$ 181,012	\$ (25,776)

Operating Activities

Cash flows from operating activities increased in the Current Year Quarter due primarily to improved operating results in Offshore Marine Services, Environmental Services and Inland River Services (see Consolidated Results of Operations discussion above), and the favorable effect of changes in working capital.

Weak demand for vessels resulting from depressed drilling activities during the first half of 2004 and declines in the size of Offshore Marine Services' fleet lowered our cash flows provided by operating activities in 2004 and 2003. Declines were partly offset by improved operating cash flows of Inland River Services and Environmental Services. The size of our barge fleet increased significantly in 2004 and 2003 and major oil spill response activities occurred in those same years. Helicopter Services, which commenced operations January 1, 2003, approximated cash flow breakeven in 2004 and incurred a modest cash flow loss in 2003.

Investing Activities

Our capital expenditure activities in recent years reflect our strategy to diversify our asset base by allocating capital into assets of differing industries. In recent years, we have sold vessels to reduce our overall exposure to older assets in Offshore Marine Services and have acquired other vessels to adjust the mix of our fleet. We have also significantly expanded our investment in inland barging assets in recent years and are committed to acquiring newer, more capable helicopter equipment for servicing the offshore oil and gas industry.

Cash flows from investing activities increased in the Current Year Quarter primarily from increased proceeds from equipment and marketable securities sales and decreased deposits in construction reserve funds for future purchase of vessels or barges. These additional cash flows were partially offset by an increase in equipment purchases. We sold 10 vessels and other equipment and acquired 25 new

dry cargo covered hopper barges, 7 new chemical tank barges and 1 new offshore support vessel in the Current Year Quarter.

In 2004, capital expenditures increased 24% to \$200.1 million, and in 2003, capital expenditures increased 16% to \$161.8 million. Sixteen vessels, 333 barges and 6 helicopters were acquired in 2004. Ten vessels, 91 barges and 12 helicopters were acquired in 2003. Cash flows from the sale of equipment, principally vessels, decreased 53% to \$67.9 million in 2004 and 12% to \$143.8 million in 2003. We sold 43 vessels in 2004 and 56 vessels in 2003. Vessels sold in 2004 and 2003 included 26 and 28 utility vessels, respectively. With continued weak demand and operating losses in Offshore Marine Services' utility vessel fleet, we decided in 2003 to divest of this vessel type. Subsequent to December 31, 2004, we sold 7 offshore support vessels for aggregate consideration of \$95.1 million. An additional vessel is expected to be sold on or about March 21, 2005.

For many years, we have maintained construction reserve funds with the U.S. Maritime Administration that were established pursuant to Section 511 of the Merchant Marine Act, 1936, as amended. In accordance with this statute, we have been permitted to deposit vessel sale proceeds into construction reserve fund accounts for purposes of acquiring new U.S.-flag vessels and thereby qualifying for temporary deferral of taxable gains realized from sale of vessels. We and the U.S. Maritime Administration control these accounts jointly. From date of deposit, withdrawals from the jointly controlled construction reserve fund accounts are subject to prior written approval of the U.S. Maritime Administration, and the funds on deposit must be committed for expenditure within three years or be released for our general use. In prior years, we have used these funds to acquire vessels and, in 2004, have also used some of the funds to acquire barges. Any such gains from vessel sales previously deferred would become immediately taxable upon release to us of sale proceeds that were deposited into jointly controlled construction reserve fund accounts. We set-aside cash in construction reserve fund accounts during both 2004 and 2003. At December 31, 2004 we held \$144.0 million in construction reserve funds.

Cash used in investing activities for corporate acquisition transactions increased \$110.4 million in 2004 and \$7.6 million in 2003. We acquired Era in 2004 and Foss Environmental Services Company in 2003. Investing activities with Offshore Marine Services' joint ventures provided cash flows of \$10.1 million in 2004 and \$5.5 million in 2003 resulting from the repayment of loans and distribution of dividends to us. The net results of marketable securities sale/purchase transactions and derivative transactions used cash flows of \$50.0 million in 2004 and provided cash flows of \$47.4 million in 2003.

Our unfunded capital commitments as of March 31, 2005 for 4 new and 4 used offshore support vessels, 20 new dry cargo covered hopper barges, 9 new chemical tank barges, 32 new helicopters and other equipment totaled \$356.5 million. Of these commitments, we have has the right to terminate our purchase obligation relating to 20 helicopters without liability other than the payment of liquidated damages. Deliveries of the offshore support vessels, dry cargo covered hopper barges, chemical tank barges and other equipment are expected throughout 2005. Deliveries of the 32 helicopters are expected from 2005 through 2009.

In addition to the purchase commitments discussed above, we have placed refundable deposits on 13 additional new helicopters.

Stock and Debt Repurchases

In 2004, 2003 and 2002, we acquired 370,490, 1,518,116 and 459,700 shares of Common Stock for treasury, respectively, at an aggregate cost of \$14.9 million, \$56.5 million and \$18.5 million, respectively. As of December 31, 2004, \$43.3 million of repurchase authority granted by our board of directors remains available for the acquisition of additional shares of Common Stock and our 7.2% Notes and 5⁷/₈% Notes. Securities are acquired from time to time through open market purchases, privately negotiated transactions or otherwise, depending on market conditions.

Edgar Filing: SEACOR HOLDINGS INC /NEW/ - Form 424B3

During the Current Year Quarter, we acquired a total of 84,647 shares of Common Stock for treasury at an aggregate cost of \$5.6 million. As of March 31, 2005, \$37.7 million of repurchase authority granted by our board of directors remains available for acquisition of additional shares of Common Stock and our 7.2% Notes and our 5⁷/₈% Notes.

Period	Total Number Of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Value of Shares that may Yet be Purchased under the Plans or Programs (in thousands)
10/01/04 10/31/04		N/A		\$ 43,264
11/01/04 11/30/04		N/A		\$ 43,264
12/01/04 12/31/04		N/A		\$ 43,264
01/01/05 01/31/05		N/A		\$ 43,264
02/01/05 02/28/05	7,687	\$ 62.95	7,687	\$ 42,781
03/01/05 03/31/05	76,960	\$ 65.97	76,960	\$ 37,704

Financial Position and Capital Resources

Financial Position. Our total assets were \$1.8 billion as of March 31, 2005. Our combined cash, available-for-sale securities and construction reserve funds increased 24% to \$615.2 million and represented 35% of total assets at quarter end. Net property and equipment decreased 9% to \$845.4 million and represented 48% of total assets at quarter end. Net working capital increased 20% to \$545.5 million. Our total assets increased 26% to \$1.8 billion in 2004. Net property and equipment rose 25% to \$926 million in 2004, representing 52% of total assets at year end and increased as a result of those factors discussed above in investing activities. Working capital increased 24% to \$456.2 million due primarily to (i) our sale in December of our 2.875% Notes, (ii) cash provided from current operations, (iii) increased trade accounts receivable that resulted from the response to a major oil spill in December, the Era acquisition, barge fleet growth, and improved vessel activity in the second half of the year and (iv) the inclusion of Era's regional airline "held for sale" assets in prepaid and other assets. These increases were partly offset by (i) net cash used in capital asset investing activities, (ii) cash paid to acquire Era, (iii) cash set aside in construction reserve funds, (iv) purchases of Common Stock (v) an increase in current debt obligations related to a vessel purchase, (vi) an increase in accounts payable and accrued expenses resulting from those factors affecting trade accounts receivable discussed above and (vii) increases in accrued liabilities related to the short sale of securities.

Financing. We generally borrow on a long-term basis, and our long-term debt obligations at each of March 31, 2005 and December 31, 2004 totaled \$582.4 million as compared to \$332.2 million at December 31, 2003. Long-term debt increased in 2004 with SEACOR's completion in December of the sale of \$250.0 million aggregate principal amount of our 2.875% Notes. In addition to its 2.875% Notes, SEACOR's outstanding long-term debt at December 31, 2004 primarily included \$200.0 million owing under its 5⁷/₈% Notes and \$134.5 million owing under its 7.2% Notes.

In 2003, we reduced the amount of our debt obligations principally with repayment of amounts owing under our 5³/₈% Notes, 7.2% Notes and notes due former stockholders of an acquired company. Through the sale of our 5⁷/₈% notes and repayment of various other outstanding debts in 2002 and 2003, we increased the average life of our funded debt obligations, extending the dates on which principal repayment obligations fall due.

On December 20, 2004, we took delivery of an offshore marine vessel and, under the terms of a lease then purchase arrangement, the builder has in substance provided us with \$13.2 million of short-term financing with respect to the vessel's purchase price. We are required to make minimal monthly lease payments until June 2005, when we are obligated to purchase vessel at a fixed price.

We have \$196.2 million available for use under a five year, non-reducing, unsecured revolving credit facility that terminates in February 2007. Advances under this revolving credit facility are available for general corporate purposes. Interest on advances will be charged at a rate per annum of LIBOR plus an applicable margin of 65 to 150 basis points based upon our credit rating as determined by Standard and Poor's and Moody's. Adjustments to the applicable margin are the only consequence of a change in our credit rating. We are not required to maintain a credit rating under the terms of the facility agreement, and if we do not maintain a credit rating, the applicable margin would be determined by financial ratios. The revolving credit facility contains various restrictive covenants covering interest coverage, secured debt to total capitalization, funded debt to total capitalization ratios, the maintenance of a minimum level of consolidated net worth, as well as other customary covenants, representations and warranties, funding conditions and events of default. The revolving credit facility contains no repayment triggers. During 2004, we borrowed and repaid outstanding advances totaling \$50.0 million. As of December 31, 2004, we had outstanding letters of credit of \$3.8 million advanced under our revolving credit facility.

We use major capital markets and bank financing to meet certain of our financing requirements. We have not historically experienced difficulty in obtaining financing or refinancing existing debt. We manage our debt portfolio in response to changes in interest rates by periodically retiring, redeeming and repurchasing debt.

Short and Long-Term Liquidity Requirements. We anticipate we will continue to generate positive cash flows from operations in the near term and these cash flows will be adequate to meet our working capital requirements and contribute toward defraying costs of our capital expenditures. As in the past and in further support of our acquisition and capital expenditure programs, we intend to sell vessels, enter into sale and leaseback transactions for vessels, utilize construction reserve funds, utilize borrowing capacity under our revolving credit facility, or a combination thereof. To the extent we rely on existing cash balances, proceeds from the sale of available-for-sale securities or construction reserve funds, our liquidity would be reduced.

Our long-term liquidity is dependent upon our ability to generate operating profits sufficient to meet our requirements for working capital, capital expenditures and a reasonable return on shareholders' investment. We believe that earning such operating profits will permit us to maintain our access to favorably priced debt, equity and/or off-balance sheet financing arrangements. With the cyclical nature of the energy business and the recent adverse effect it has had on our results of operations and cash flows, we have adopted a strategy of reducing our overall dependency on this industry and reinvesting certain of our capital resources in Inland River Services.

Off-Balance Sheet Arrangements

At December 31, 2004, we guaranteed up to \$8.7 million with respect to amounts owing pursuant to a vessel charter agreement between our Mexican joint venture and the owner of the chartered vessels. Our guarantee declines over the life of the charter and terminates in 2009.

At December 31, 2004, we guaranteed up to \$4.1 million with respect to amounts owing pursuant to a vessel charter agreement between a U.S. joint venture entity in which we own a 50% interest and the owner of the chartered vessel. Our guarantee declines over the life of the charter and terminates in 2008.

At December 31, 2004, we guaranteed up to \$1.1 million with respect to amounts owing pursuant to a vessel charter agreement between our Chilean joint venture entity in which we own a 50% interest and the owner of the chartered vessel. Our guarantee declines over the life of the charter and terminates in 2008.

At December 31, 2004, we guaranteed up to \$1.5 million with respect to amounts owed by Singapore joint venture entity in which we own a 50% interest under a five-year banking facility to finance the construction of two new crew boats. The vessels are to be used to perform a five-year contract with a major oil company in Brunei.

At December 31, 2004, we guaranteed up to \$1.4 million as security for the performance of a contract between SESMEKE Ltd., a joint venture in which we have a 50% interest, with Botas International Limited for the provision of oil spill response and related services in Turkey to the Baku-Tblisis-Ceyhan Crude Oil Export Pipeline. Provision of this performance guaranty was a condition to the contract in Turkey.

Contractual Obligations and Commercial Commitments

The following table summarizes our contractual obligations and other commercial commitments and their aggregate maturities as of December 31, 2004.

(in thousands)	Payments Due By Period				
	Total	Less than 1 Year	1 3 Years	3 5 Years	After 5 Years
Contractual Obligations:					
Long-term Debt(1)	\$ 878,337	\$ 42,027	\$ 57,268	\$ 188,919	\$ 590,123
Capital Purchase Obligations(2)	270,593	62,825	108,611	99,157	
Operating Leases(3)	79,602	22,932	31,814	16,279	8,577
Purchase Obligations(4)	4,798	4,798			
Other(5)	5,112		1,645	681	2,786
	<u>\$ 1,238,442</u>	<u>\$ 132,582</u>	<u>\$ 199,338</u>	<u>\$ 305,036</u>	<u>\$ 601,486</u>
Other Commercial Commitments:					
Joint Venture Guarantees(6)	16,810	3,790	5,487	7,533	
Letters of Credit	3,837	3,075	762		
	<u>20,647</u>	<u>6,865</u>	<u>6,249</u>	<u>7,533</u>	
	<u>\$ 1,259,089</u>	<u>\$ 139,447</u>	<u>\$ 205,587</u>	<u>\$ 312,569</u>	<u>\$ 601,486</u>

- (1) Maturities of our borrowings and interest payments based on contractual terms.
- (2) Capital purchase obligations represent commitments for the purchase of property, plant and equipment. These commitments are not recorded as liabilities on our balance sheet at December 31, 2004 as we have not yet received the goods or taken title to the property. Subsequent to December 31, 2004, we committed to purchase one new and four used offshore marine vessels and twenty new dry cargo barges for \$101.4 million.
- (3) Primarily leases of vessels, helicopters and barges.
- (4) Includes our purchase order commitments outstanding at December 31, 2004 with respect to goods and services to be acquired in the ordinary course of business. These orders are fulfilled by our vendors within short-time horizons.
- (5)

Edgar Filing: SEACOR HOLDINGS INC /NEW/ - Form 424B3

Other primarily includes deferred compensation arrangements, refundable deposits and statutorily defined severance obligations.

(6)

Includes guarantees of amounts owing by entities in which we own 50% or less under charter arrangements with vessel owners, a loan agreement for the construction of two vessels and an oil spill response service contract. In the case of guarantees relating to the charter arrangements and

loan agreement, obligations thereunder decline over time. The guarantees terminate at various dates through 2009.

Effects of Inflation

Our operations expose us to the effects of inflation. Although we do not consider the effects of inflation to be material to our operating revenues or income from continuing operations, in the event that inflation becomes a significant factor in the world economy, inflationary pressures could result in increased operating and financing costs.

Related Party Transactions

We manage barge pools as part of our Inland River Services segment. Pursuant to the pooling agreements, operating revenues and expenses of participating barges in a pool are combined and the net results are allocated to participating barge owners based upon the number of days any one participating owner's barges bear to the total number of days of all barges participating in a pool. Mr. Fabrikant, the Chief Executive Officer of SEACOR, companies controlled by Mr. Fabrikant and trusts for the benefit of Mr. Fabrikant's two children own barges that participated in the barge pools managed by us prior to our acquisition of SCF and since then, they have continued to participate in that barge pool. In 2004, 2003 and 2002, Mr. Fabrikant and his affiliates earned \$0.6 million, \$0.4 million and \$0.4 million, respectively, of net barge pool results (after payment of \$0.1 million, \$0.1 million and \$0.1 million, respectively, in management fees to us). As of December 31, 2004 and 2003, we owed Mr. Fabrikant and his affiliates \$0.3 million and \$0.2 million, respectively, for undistributed net barge pool results. Mr. Fabrikant and his affiliates participate in the barge pool on the same terms and conditions as other pool participants who are unrelated to us.

During the second quarter of 2004 pursuant to a provision agreed in connection with our acquisition of Stirling Shipping Holdings Limited in May 2001, we entered into a revenue sharing pooling agreement with Harrisons (Offshore) Limited ("Harrisons"), a Scottish company in which Mr. James Cowderoy, a director of SEACOR, is a shareholder and managing director. Under the pooling agreement, the revenue from two supply vessels owned by us and two supply vessels owned by Harrisons operating in the North Sea was shared pursuant to an agreed allocation formula and Seacor was paid a fee for commercially managing the pool. During 2004, Harrisons earned approximately \$0.3 million of additional revenues under the pooling agreement and we earned approximately \$0.04 million of management fees. As of December 31, 2004, there was \$0.2 million of unpaid pooling allocations due to Harrisons from us under the terms of the pooling agreement. There was no activity under the pooling agreement in 2003 and 2002. The pooling agreement was terminated in February 2005.

Contingencies

In connection with an examination of our income tax returns for fiscal years 2000 and 2001, the Internal Revenue Service ("IRS") previously indicated that it was considering whether to propose a change in the manner in which vessel assets are classified for purposes of depreciation and asserted deficiencies with respect to the deduction of certain other expenses. Settlements have been reached with the IRS on all outstanding issues resulting in no material impact to our financial position or results of operations.

In the normal course of our business, we become involved in various litigation matters including, among other things, claims by third parties for alleged property damages, personal injuries and other matters. While we believe we have meritorious defenses against these claims, management has used estimates in determining our potential exposure and has recorded reserves in our financial statements related thereto where appropriate. It is possible that a change in our estimates of that exposure could

occur, but we do not expect such changes in estimated costs will have a material effect on our financial position or results of our operations.

New Accounting Pronouncement

On December 16, 2004, the Financial Accounting Standards Board (FASB) issued FASB Statement No. 123 (revised 2004), *Share-Based Payment*, which is a revision of FASB Statement No. 123, *Accounting for Stock-Based Compensation*. Statement 123(R) supersedes APB Opinion No. 25, *Accounting for Stock Issued to Employees*, and amends FASB Statement No. 95, *Statement of Cash Flows*. Statement 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. The impact of adoption of Statement 123(R) cannot be predicted at this time because it will depend on levels of share-based payments granted in the future. However, had we adopted Statement 123(R) in prior periods, the impact of that standard would have approximated the impact of the SFAS 123 disclosure of pro forma net income and earnings per share, as reported in "Note 1 Nature of Operations and Accounting Policies". We will adopt the provisions of Statement 123(R) on January 1, 2006 using the "modified prospective" approach, recognizing compensation expense for all unvested employee stock options as of that date and for all subsequent employee stock options granted thereafter.

Quantitative and Qualitative Disclosures about Market Risk

We have foreign currency exchange risks primarily related to our vessel operations that are conducted from ports located in the United Kingdom where our functional currency is Pounds Sterling. Net consolidated assets of £86.5 million, are included in our consolidated balance sheet, after translation to U.S. dollars, at December 31, 2004. In addition, SEACOR has provided cash advances to these operations of \$44.4 million, or £23.2 million, as of December 31, 2004. SEACOR considers these advances to be intercompany loans with payment expected in the foreseeable future. A 10% weakening in the exchange rate of the Pound Sterling against the U.S. dollar as of December 31, 2004 would reduce other comprehensive income by approximately \$8.8 million, net of tax, due to translation and would reduce income by approximately \$2.0 million, net of tax, due to foreign currency losses on the revaluing of intercompany advance transactions.

At December 31, 2004, we held available-for-sale securities with a fair value of \$137.0 million, including \$55.5 million in fixed income investments and \$81.5 million in equity securities. The fixed income investments were comprised of \$39.9 million in United States Treasury notes maturing within two years and \$15.6 million in corporate notes maturing within nine years. From time to time, we may increase our level of investment in fixed income securities that have included U.S. government bonds, U.K. government bonds, state and municipal bonds, and corporate notes with maturities ranging from a few months to many years. The fair value of such investments fluctuates based on the general level of interest rates and the creditworthiness of the issuers of the securities. When making substantial investments in fixed income securities, we manage our risk associated with these investments by maintaining a ladder of maturities and analyzing the creditworthiness of issuers. Our equity securities primarily include positions in energy, marine, and other related businesses, including a significant position in ENSCO. We monitor our investments in available-for-sale securities on a regular basis and dispose of investments when we judge the risk profile to be too high or when we believe that the investments have reached an attractive valuation. A 10% decline in the value of available-for-sale securities as of December 31, 2004 would reduce other comprehensive income by \$8.9 million, net of tax.

In order to partially hedge the fluctuation in market value for part of our common stock position in ENSCO that resulted from the Chiles Merger, we entered into various transactions (commonly known as "costless collars") during 2002 with a major financial institution on 1,000,000 shares of

ENSCO common stock. The costless collar transactions were terminated in the second quarter of 2003 with neither party having a payment obligation under these transactions.

At December 31, 2004, we held positions in short sales of marketable equity securities with a fair value of \$22.1 million. Our short sales of marketable equity securities primarily include positions in energy, marine, and other related businesses. A 10% increase in the value of equity securities underlying our short sale positions as of December 31, 2004 would reduce income and comprehensive income by \$1.4 million, net of tax.

Our debt is primarily in fixed interest rate instruments. While the fair value of these debt instruments will vary with changes in interest rates, we have fixed most of our cash flow requirements and operations are not significantly affected by interest rate fluctuations. Our only significant variable rate debt instrument is our revolving credit facility, under which we had no outstanding borrowings at December 31, 2004. While available for liquidity requirements, we have not historically utilized significant portions of the revolving credit facility for any extended period of time and thus has not been significantly impacted by fluctuations in interest rates.

In order to reduce our cost of capital, we entered into swap agreements during the fourth quarter of 2001 and second quarter of 2002 with a major financial institution with respect to \$41.0 million of our 7.2% Notes. Under each such agreement, the financial institution agreed to pay to us an amount equal to interest paid on the notional amount of the 7.2% Notes subject to such agreement, and we agreed to pay to such financial institution an amount equal to the London Interbank Offered rate plus a margin of 95 basis points on the agreed upon price of such notional amount of the 7.2% Notes as set forth in the applicable swap agreement. During the fourth quarter of 2003, we terminated the swap agreements and the financial institution paid us \$3.5 million, representing the amount by which the fair market value of the notional amount of the 7.2% Notes subject to such swap agreements on such date exceeded the agreed upon price of such notional amount as set forth in such swap agreements.

We have entered into forward exchange and futures contracts with respect to Norwegian Kroners, Pounds Sterling, Euros, Japanese Yen, Singapore Dollars and Hong Kong Dollars. The Norwegian Kroner contracts enabled us to buy Norwegian Kroners in the future at fixed exchange rates, which could have offset possible consequences of changes in foreign exchange had we conducted business in Norway. The Pound Sterling, Euro, Yen, Singapore Dollar and Hong Kong Dollar contracts enable us to buy Pounds Sterling, Euros, Yen, Singapore Dollars and Hong Kong Dollars in the future at fixed exchange rates, which could offset possible consequences of changes in foreign exchange rates with respect to our business conducted in Europe and the Far East. As of December 31, 2004, we had recognized but unrealized derivative income of \$0.2 million with respect to our agreements to purchase within two months 86.0 million Singapore Dollars. Our positions relating to other currencies were not material at December 31, 2004.

We have entered into and settled various positions in natural gas and crude oil via swaps, options and futures contracts pursuant to which, on each applicable settlement date, we receive or pay an amount, if any, by which a contract price for a swap, an option or a futures contract exceeds the settlement price quoted on the New York Mercantile Exchange ("NYMEX") or receive or pay the amount, if any, by which the settlement price quoted on the NYMEX exceeds the contract price. The general purpose of these hedge transactions is to provide value to us should the price of natural gas and crude oil decline, which over time, if sustained, would lead to a decline in our offshore assets' market values and cash flows. As of December 31, 2004, our positions relating to these commodities were not significant.

We have entered into and settled various positions in U.S. treasury notes and bonds via futures or options futures and rate-lock agreements on U.S. treasury notes pursuant to which, on each applicable settlement date, we receive or pay an amount, if any, by which a contract price for an option or a futures contract exceeds the settlement price quoted on the Chicago Board of Trade ("CBOT") or receive or pay the amount, if any, by which the settlement price quoted on the CBOT exceeds the contract price. The general purpose of these hedge transactions is to provide value to us should the price of U.S. treasury notes and bonds decline, leading to generally higher interest rates which, if sustained over time, might lead to higher interest costs for us. As of December 31, 2004, our positions relating to these interest rate instruments were not significant.

BUSINESS

We are in the business of owning, operating, investing in, marketing and remarketing equipment, primarily in the offshore oil and gas and marine transportation industries. We also provide emergency environmental response and related services. We operate a diversified fleet of offshore support vessels and helicopters servicing oil and gas exploration, development and production facilities worldwide. We also operate a fleet of inland river barges transporting grain and other bulk commodities on the U.S. inland waterways. The environmental services segment provides oil spill response, handles environmental remediation projects and offers related consulting services worldwide to those who store, transport, produce or handle petroleum products and environmentally hazardous materials.

Segment and Geographic Information

Our operations are divided among the following four business segments: "Offshore Marine Services;" "Environmental Services;" "Inland River Services;" and "Helicopter Services." We also have additional activities which are referred to and described under "Other." "Other" primarily includes equity in earnings of 50% or less companies unrelated to our reportable segments and Era's regional airline business which is held for sale. Financial data for segment and geographic areas is reported in Note 14 to our consolidated financial statements included elsewhere in this prospectus

Offshore Marine Services*Business*

Offshore Marine Services (58%, 78% and 91% of consolidated operating revenues in 2004, 2003 and 2002, respectively) operates a diversified fleet of offshore support vessels primarily servicing offshore oil and gas exploration, development and production facilities worldwide. Vessels in this service are employed to deliver cargo and personnel to offshore installations, handle anchors for drilling rigs and other marine equipment, support offshore construction and maintenance work and provide standby safety support and oil spill response services. From time to time, Offshore Marine Services provides specialist services supporting projects, such as well stimulation, seismic data gathering and freight hauling. Offshore Marine Services also offers logistics services in support of offshore oil and gas exploration, development and production operations of its customers, including shorebase, marine transport and other supply chain management services.

Equipment and Services

The following types of vessels comprise Offshore Marine Services' fleet as of December 31 in the indicated years. "Owned vessels" are those 100% owned by us, which were either constructed and delivered new from shipyards or purchased from competitors. "Joint ventured vessels" are those owned by entities in which we are not the sole owner. "Leased-in vessels" are generally those which have been sold to an institutional lessor and then leased back. "Pooled vessels" are owned and operated by entities not affiliated with Offshore Marine Services, but the revenues or profits of which are shared with the revenues and profits of certain vessels owned by Offshore Marine Services based upon an agreed formula. "Managed vessels" are also owned by entities not affiliated with us but are operated by Offshore Marine Services for a fee and no revenues or profits are shared with Offshore Marine Services. At the end of this section we provide a glossary of the types of vessels listed below and an explanation of the services they perform.

	<u>Owned</u>	<u>Joint Ventured</u>	<u>Leased-in</u>	<u>Pooled or Managed</u>	<u>Total</u>
2004:					
Anchor handling towing supply	14	3	1		18
Crew	58	5	19		82

Edgar Filing: SEACOR HOLDINGS INC /NEW/ - Form 424B3

Geophysical, Freight and Other	1	1			2
Mini-supply	25	1	4		30
Standby safety	19	3		5	27
Supply	10	6	3	1	20
Towing supply	11	20	2		33
Utility					
	<u>138</u>	<u>39</u>	<u>29</u>	<u>6</u>	<u>212</u>

2003:

Anchor handling towing supply	18	6	2		26
Crew	51	13	23		87
Geophysical, Freight and Other	2	2			4
Mini-supply	26	2	4		32
Standby safety	19	3		5	27
Supply	12	8	5	1	26
Towing supply	11	20	2		33
Utility					
	<u>139</u>	<u>54</u>	<u>36</u>	<u>6</u>	<u>235</u>

2002:

Anchor handling towing supply	20	5	2	1	28
Crew	61	15	20		96
Geophysical, Freight and Other	1	1			2
Mini-supply	28	3	2		33
Standby safety	18	3		5	26
Supply	14	7	10		31
Towing supply	15	19	6		40
Utility	43	2			45
	<u>200</u>	<u>55</u>	<u>40</u>	<u>6</u>	<u>301</u>

The following table sets forth the percent of our consolidated operating revenues earned by vessel type and certain other business activities of Offshore Marine Services for each year indicated:

Vessel Type	2004	2003	2002
Anchor handling towing supply	9%	15%	21%
Crew	16%	17%	18%
Geophysical, Freight and Other			
Mini-supply	6%	7%	6%
Standby safety	11%	11%	10%
Supply	9%	13%	18%
Towing supply	5%	9%	11%
Utility		3%	4%
Other	2%	3%	3%
	<u>58%</u>	<u>78%</u>	<u>91%</u>

As of December 31, 2004, the average age of Offshore Marine Services' owned fleet was 12.3 years. Excluding standby safety vessels, the fleet's average age was 9.6 years. We believe that after vessels have been in service for approximately 20 years the level of expenditures necessary to satisfy

required marine certification standards escalate and, in some instances, may not be economically justifiable. Depending on developments in offshore drilling and marine technology the marketability of vessels may decline over time as well.

Glossary of Vessel Types

Listed below is a description of each of the vessel types referred to above.

Anchor handling towing supply ("AHTS") vessels are equipped with winches capable of carrying and handling chain, wire, and associated mooring equipment. They are used primarily for towing, positioning and mooring drilling rigs and other marine equipment by lifting and setting anchors on the sea bottom. These vessels also have the capability to deliver cargo, but are usually less efficient delivery "vehicles" than supply boats of comparable size. The defining characteristics of AHTS vessels are horsepower ("BHP") and size of winch in terms of "line pull" and wire storage capacity. Generally, only larger, more powerful AHTS vessels can service rigs in deep water of over 2,500 feet while smaller AHTS vessels can not work in deeper water. Four of Offshore Marine Services' AHTS vessels can work in water of over 4,000 feet in depth. Most modern AHTS vessels are equipped with dynamic positioning ("DP") systems that enable them to maintain a fixed position in close proximity to a rig without the use of tie-up lines.

Crew boats move personnel to and from offshore installations. Historically, crew boats transported people and were also used to deliver "light" cargo such as personal effects, small machinery, and small quantities of fuel and water. These boats also served as field stand-by vessels, moving personnel between platforms and providing an emergency stand-by service under certain circumstances. Crew vessels built prior to 1990 are generally 100 to 130 feet in length and are capable of 20 knots in light condition and calm seas. Vessels built since 1998, also referred to as Fast Support Vessels ("FSV"), range from 130 to 200 feet in length and generally can develop a speed of 25 knots and may attain speeds of 35 knots. Modern FSVs have enhanced cargo carrying capacities, including in some instances, the capacity to support some phases of drilling operations. Vessels supporting drilling and working in deep water are usually equipped with DP capabilities.

Geophysical, freight and other vessels generally have specialized features adapting them to their specific function, such as large deck space, high electrical generating capacity, high maneuverability and unique thrusters, extra berthing facilities and long-range cruising capabilities. Special project activities include well stimulation, seismic data gathering, freight hauling services and accommodation services.

Mini-supply vessels range from 125 to 155 feet in length and typically carry deck cargo, liquid mud, methanol, diesel fuel and water. These vessels are well suited for production support, construction projects, maintenance work and certain drilling support activities.

Standby safety vessels typically remain on location proximate to offshore rigs and production facilities to respond to emergencies. These vessels carry special equipment to rescue personnel and are equipped to provide first aid and shelter. In some cases, these vessels perform a dual role, functioning as supply vessels. Offshore Marine Services' standby safety vessels operate in the United Kingdom sector of the North Sea.

Supply vessels range in length from 166 to 255 feet and are used to deliver cargo to rigs and platforms where drilling and work-over activity is underway or to support construction work delivering pipe to vessels performing underwater installations. Supply vessels are distinguished from other vessels by the total carrying capacity (deadweight: "dwt"), available square feet (meters) of clear deck space, below-deck capacity for storage of mud and cement used in the drilling process and tank storage for water and fuel oil. Speed is not generally a factor but the ability to hold station in open water and moderately rough seas is a key factor in differentiating supply vessels. To improve station keeping ability, certain supply vessels have DP capabilities.

Towing supply vessels perform similar cargo delivery functions to those handled by supply vessels. They are, however, equipped with more powerful engines (4-8,000 horsepower) and deck mounted winches, giving them the added capability to perform general towing functions, buoy setting and limited anchor handling work. Offshore Marine Services' towing supply vessels are primarily used in international operations supporting jack-up drilling rigs.

Utility vessels range in length from 96 to 125 feet in length and are used to service offshore production facilities and also support offshore maintenance and construction work. We no longer own or operate utility vessels since we disposed of all of the remaining vessels of this type during 2004.

Markets

The demand for vessels is affected by the level of offshore exploration and drilling activities, which, in turn, is influenced by a number of factors. Industry expectations as to future oil and gas commodities prices are an important determinative factor in exploration and drilling expenditures. Also important are our customers' assessments of offshore drilling prospects as compared with land-based opportunities. Assessment of costs, geological opportunity and political stability in host countries are all factors in our customers' decision-making. Thus, a variety of political and economic factors beyond our control, including worldwide demand for oil and natural gas, the ability of the Organization of Petroleum Exporting Countries ("OPEC") to set and maintain production levels and pricing, the level of production of non-OPEC countries, the relative exchange rates for the U.S. dollar, the benchmark for worldwide oil pricing, and various governments' policies regarding exploration and development of their oil and natural gas reserves affect the demand for drilling services. All these factors ultimately impact demand for our vessel services. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a discussion of current market conditions.

Each of the markets in which Offshore Marine Services operates is highly competitive. The most important competitive factors are pricing and the availability of equipment to fit customer requirements at such time as the equipment is needed. Other factors considered important by customers include service and reputation, flag preference, local marine operating conditions, the ability to provide and maintain logistical support given the complexity of a project and the cost of moving equipment from one market to another.

We operate vessels in five principal geographic regions. From time to time, vessels are relocated between these regions to meet customer demand for equipment. The table below sets forth vessel types by geographic market. In order to enter new markets, enhance our marketing capabilities and facilitate operations in certain foreign markets, we often participate in joint ventures in those markets. This allows for expansion of both our fleet and operations while diversifying risks and reducing capital outlays associated with such expansion.

Vessel Types by Geographic Market	2004	2003	2002
United States:			
Anchor handling towing supply	4	6	5
Crew	58	53	63
Geophysical, Freight and Other		1	1
Mini-supply	26	27	29
Supply	8	9	14
Towing supply	4	2	4
Utility			42
Total United States Fleet	100	98	158

Edgar Filing: SEACOR HOLDINGS INC /NEW/ - Form 424B3

Latin America & Mexico:			
Anchor handling towing supply	6	9	9
Crew	8	11	10
Geophysical, Freight and Other		2	
Mini-supply	3	4	4
Supply	6	8	6
Towing supply	11	12	13
Utility			3
	<u>34</u>	<u>46</u>	<u>45</u>
North Sea:			
Anchor handling towing supply	1	1	3
Standby safety	27	27	26
Supply	4	7	9
Towing supply			
	<u>32</u>	<u>35</u>	<u>38</u>
West Africa:			
Anchor handling towing supply	3	6	7
Crew	13	14	13
Mini-supply	1	1	
Supply	2	2	2
Towing Supply	8	9	10
	<u>27</u>	<u>32</u>	<u>32</u>
Asia:			
Anchor handling towing supply	3	3	3
Crew	2	9	10
Geophysical, Freight and Other	1		
Supply			
Towing supply	1	2	6
	<u>7</u>	<u>14</u>	<u>19</u>
Other Foreign:			
Anchor handling towing supply	1	1	1
Crew	1		
Geophysical, Freight and Other	1	1	1
Supply			
Towing supply	9	8	7
	<u>12</u>	<u>10</u>	<u>9</u>
Total Foreign Fleet	<u>112</u>	<u>137</u>	<u>143</u>
Total Fleet	<u>212</u>	<u>235</u>	<u>301</u>

Edgar Filing: SEACOR HOLDINGS INC /NEW/ - Form 424B3

United States. At December 31, 2004, 100 vessels were operating in the U.S., including 67 owned, 28 leased-in, 4 joint ventured and 1 pooled. Offshore Marine Services' expertise in this market is deepwater anchor handling with a fleet of AHTS vessels and production support with a fleet of crew and mini-supply vessels. This is a highly volatile market because oil company programs tend to be of short-term duration and influenced by the near term price of natural gas. In addition, a large number

of public and private offshore marine service companies are active in this market and they compete largely on price alone.

Latin America & Mexico. At December 31, 2004, 34 vessels were operating in Latin America and Mexico, including 13 owned, and 21 joint ventured. Mexico is our largest market in this area. Offshore Marine Services participates in this market through a joint venture, Maritima Mexicana, S.A., which operates one of the largest fleets in the area. The market is controlled by the Mexican national oil company, Petroleos Mexicanos ("Pemex"), and vessel services are provided either directly to Pemex or to its subcontractors. The level of activity is largely influenced by Mexican government policies and finances. In recent years there has been a great expansion in the level of activity, but activity is expected to moderate as the Mexican presidential elections approach in 2006.

North Sea. At December 31, 2004, 32 vessels were operating in the North Sea, including 24 owned, 3 joint ventured, and 5 managed-in. The North Sea fleet primarily provides standby safety services. Demand in the North Sea market for standby services developed in 1991 after the United Kingdom promulgated legislation requiring offshore operations to maintain higher specification standby safety vessels. The legislation requires a vessel to "stand by" to provide a means of evacuation and rescue for platform and rig personnel in the event of an emergency at an offshore installation. The North Sea is a highly regulated market. Until recently, offshore oil and gas operations in this region were concentrated in the super major oil companies thereby confining activity to a limited number of customers. Smaller oil companies are now taking over mature operating properties from those major oil companies. We expect activity to increase in this market as the smaller companies establish operations in this region and are encouraged to increase production due to high oil and gas prices.

Offshore Marine Services entered into a contract to sell four platform supply vessels and one anchor handling towing supply vessel services operating in this market. As of March 11, 2005, four of the vessels had been sold and delivered to the buyer and the last is expected to be sold on or about March 21, 2005.

West Africa. At December 31, 2004, 27 vessels were operating in West Africa, including 26 owned, and 1 bareboat chartered-in. Our largest market in this area is Nigeria where we work in co-operation with a Nigerian company, West Africa Offshore ("WAO"). The Nigerian market is dominated primarily by the super major oil companies, ExxonMobil, Shell, and Total and is characterized by large scale, multi-year projects. There is also a significant political component behind investment decisions as the Nigerian national oil company, NNPC, is a participant in almost all offshore development. The remainder of our vessels located in this region operate from ports in the Republic of the Congo, Cameroon, Gabon and Equatorial Guinea. In addition to operations in West Africa, we have one vessel operating in South Africa.

Asia. At December 31, 2004, 7 vessels were operating in Asia, including 6 owned, and 1 joint ventured. Offshore Marine Services' vessels operating in this area generally support exploration programs and therefore follow the rigs to their locations in the region. To date, the largest market in this area has been Indonesia. In the last few years, we have invested in vessels capable of specialty operations such as supporting the operation of remote operated vehicles (ROV), telecommunications cable laying/repair and offshore accommodation. We compete against a large number of local and international companies in this market.

Other Foreign. At December 31, 2004, 12 vessels were operating in Other Foreign regions, including 2 owned, and 10 joint ventured. In addition to those referred to above, we have vessels owned by joint ventures that are serving the offshore oil and gas industry in Egypt and Greece.

Competitive Conditions.

Although there are many suppliers of offshore marine services, management believes only one company, Tidewater, Inc., operates in all of Offshore Marine Services' major geographic markets. Tidewater, Inc. has a substantially greater percentage of the offshore marine market share compared to that of Offshore Marine Services and its other competitors.

Customers and Contractual Arrangements

Offshore Marine Services' principal customers are major integrated oil companies, large independent oil and gas exploration and production companies and emerging independent companies. Consolidation of oil and gas companies through mergers and acquisitions over the past several years has further concentrated and generally limited Offshore Marine Services' customer base. Although there was no single customer responsible for 10% or more of Offshore Marine Services' operating revenues in 2004, our 10 largest customers accounted for approximately 50% of our operating revenues. The loss of any one or more of its most significant customers would have a material adverse effect on Offshore Marine Services. The percentage of operating revenues attributable to any individual customer varies from time to time, depending on the level of oil and gas exploration undertaken by a particular customer, and other factors, many of which are beyond Offshore Marine Services' control.

The majority of the vessels in the fleet are chartered to customers under arrangements where the customer charters or leases a vessel at a daily rate of hire. Usually the customer pays for fuel and we are responsible for the actual operation of the vessel and all other vessel operating expenses. Alternatively, customers charter vessels under "bareboat" charter agreements. Pursuant to these agreements, we provide only the vessel to the customer, and the customer provides for the vessel's operating expenses and generally assumes all risk of operation. Therefore, the daily rate of hire under a bareboat charter agreement is lower than that under a time charter agreement. Charter periods may vary widely from several days to several years.

Industry Hazards and Insurance

Offshore marine vessel operations involve inherent risks associated with hazards, such as adverse weather conditions, collisions, fire, and mechanical failures, which may result in injury to personnel, damage to equipment, loss of operating revenues and increased costs. We maintain hull, liability, marine war risk, general liability, workers compensation and other insurance customary in the industry.

Government Regulation

Offshore Marine Services operations are subject to significant federal, state and local regulations, as well as international conventions. Its domestically registered vessels are subject to the jurisdiction of the U.S. Coast Guard (the "Coast Guard"), the National Transportation Safety Board, the U.S. Customs Service and the U.S. Maritime Administration, as well as to rules of private industry organizations such as the American Bureau of Shipping. These agencies and organizations establish safety standards and are authorized to investigate vessels and accidents and to recommend improved maritime safety standards. Moreover, to ensure compliance with applicable safety regulations, the Coast Guard is authorized to inspect vessels at will.

Offshore Marine Services is also subject to the Shipping Act, 1916, as amended (the "1916 Act"), and the Merchant Marine Act of 1920, as amended (the "1920 Act," and together with the 1916 Act, the "Shipping Acts"), which govern, among other things, the ownership and operation of vessels used to carry cargo between U.S. ports. The Shipping Acts require that vessels engaged in the U.S. coastwise

trade be owned by U.S. citizens and built in the U.S. For a corporation engaged in the U.S. coastwise trade to be deemed a U.S. citizen: (i) the corporation must be organized under the laws of the U.S. or of a state, territory or possession thereof, (ii) each of the president or other chief executive officer and the chairman of the board of directors of such corporation must be a U.S. citizen, (iii) no more than a minority of the number of directors of such corporation necessary to constitute a quorum for the transaction of business can be non-U.S. citizens and (iv) at least 75% of the interest in such corporation must be owned by U.S. "citizens" (as defined in the Shipping Acts). Should we fail to comply with the U.S. citizenship requirements of the Shipping Acts, we would be prohibited from operating our vessels in the U.S. coastwise trade during the period of such non-compliance.

To facilitate compliance with the Shipping Acts, our Restated Certificate of Incorporation: (i) limits the aggregate percentage ownership by non-U.S. citizens of any class of our capital stock (including the Common Stock) to 22.5% of the outstanding shares of each such class to ensure that such foreign ownership will not exceed the maximum percentage permitted by applicable maritime law (presently 25.0%) and authorizes the Board of Directors, under certain circumstances, to increase the foregoing percentage to 24.0%, (ii) requires institution of a dual stock certification system to help determine such ownership and (iii) permits the Board of Directors to make such determinations as reasonably may be necessary to ascertain such ownership and implement such limitations. In addition, our Amended and Restated By-Laws provide that the number of foreign directors shall not exceed a minority of the number necessary to constitute a quorum for the transaction of business and restrict any officer who is not a U.S. citizen from acting in the absence or disability of the Chairman of the Board of Directors and Chief Executive Officer and the President, all of whom must be U.S. citizens.

Offshore Marine Services operates vessels registered in the following foreign jurisdictions: St. Vincent and the Grenadines, Vanuatu, the Cayman Islands, France, Chile, Egypt, Bahamas, Isle of Man, Greece, Panama, Argentina, Mexico, the United Kingdom, and the Marshall Islands. The vessels registered in these jurisdictions are subject to the laws of the applicable jurisdiction as to ownership, registration, manning and safety of vessels. In addition, the vessels are subject to the requirements of a number of international conventions that are applicable to vessels depending on their jurisdiction of registration. Among the more significant of these conventions are: (i) the 1978 Protocol Relating to the International Convention for the Prevention of Pollution from Ships, (ii) the International Convention on the Safety of Life at Sea, 1974 and 1978 Protocols, and (iii) the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, 1978. We believe that our vessels registered in foreign jurisdictions are in compliance with all applicable material regulations and have all licenses necessary to conduct their business. In addition, vessels operated as standby safety vessels in the North Sea are subject to the requirements of the Department of Transport of the United Kingdom pursuant to the United Kingdom Safety Act.

Environmental Compliance

Vessels routinely transport diesel fuel to offshore rigs and platforms and carry diesel fuel for their own use, certain bulk chemical materials used in drilling activities, rig-generated wastes for delivery to waste disposal contractors onshore and liquid mud which contains oil and oil by-products. These operations are subject to a variety of federal and analogous state statutes concerning matters of environmental protection. Statutes and regulations that govern the discharge of oil and other pollutants onto navigable waters include the Oil Pollution Act of 1990, as amended ("OPA 90"), and the Clean Water Act of 1972, as amended (the "Clean Water Act"). The Clean Water Act imposes substantial potential liability for the costs of remediating releases of petroleum and other substances in reportable quantities. State laws analogous to the Clean Water Act also specifically address the accidental release of petroleum in reportable quantities.

OPA 90, which amended the Clean Water Act, increased the limits on liability for oil discharges at sea, although such limits do not apply in certain listed circumstances. In addition, some states have enacted legislation providing for unlimited liability under state law for oil spills occurring within their

boundaries. Other environmental statutes and regulations governing offshore marine operations include, among other things, the Resource Conservation and Recovery Act, as amended ("RCRA"), which regulates the generation, transportation, storage and disposal of on-shore hazardous and non-hazardous wastes; the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"), which imposes strict and joint and several liability for the costs of remediating historical environmental contamination; and the Outer Continental Shelf Lands Act, as amended ("OCSLA"), which regulates oil and gas exploration and production activities on the Outer Continental Shelf.

In addition to these federal and state laws, local laws and regulations and certain international treaties to which the U.S. is a signatory, such as MARPOL 73/78, Offshore Marine Services is subject to various requirements governing waste disposal and water and air pollution.

Risks of Foreign Operations

For the years ended December 31, 2004, 2003 and 2002 approximately 56%, 54% and 51%, respectively, of Offshore Marine Services' operating revenues were derived from foreign operations. Foreign operations are subject to various risks inherent in conducting business in foreign nations. These risks include, among others, political instability, potential vessel seizure, nationalization of assets, terrorist attacks, fluctuating currency values, hard currency shortages, controls on currency exchange, the repatriation of income or capital, import-export quotas and other forms of public and governmental regulation, all of which are beyond our control. It is not possible to predict whether any of these conditions or events might develop in the future. The occurrence of any one or more of such conditions or events could have a material adverse effect on our financial condition and results of operations.

Environmental Services

Business

Until November 2003, Environmental Services (23%, 11% and 6% of consolidated operating revenues in 2004, 2003 and 2002, respectively) primarily provided contractual oil spill response and other professional emergency preparedness services to those who store, transport, produce or handle petroleum and certain non-petroleum oils as required by OPA 90, various state and municipal regulations and international maritime conventions. These services include training, consulting and supervision for emergency preparedness, response and crisis management. The business is conducted through our wholly owned subsidiaries, National Response Corporation ("NRC"), The O'Brien's Group, Inc. and SEACOR Environmental Services International Ltd. ("SESI").

In November 2003, NRC acquired Foss Environmental Services Company and changed this company's name to NRC Environmental Services Inc. ("NRCES"). NRCES operates primarily on the west coast of the U.S. and, in addition to the above described emergency response services, provides industrial and marine cleaning services, petroleum storage tank removal and site remediation, transportation and disposal of hazardous waste, and environmental equipment and product sales.

Equipment and Services

E