

SEACOR

2019 Annual Report

LETTER TO STOCKHOLDERS

May 4, 2020

Dear Fellow Stockholder,

Had this letter gone to press in February or early March, the dominant theme would have been the impact of climate change on our different businesses - both the expectations of customers, and our efforts to reduce our own carbon footprints. COVID-19 has, understandably, chased climate issues from the headlines. Nevertheless, pursuing reduction of our carbon output and developing services that help customers to do so is very much core to strategic thinking about our businesses.

In "real time" the outlook for 2020 is shrouded in COVID-19 "unknowns" and the duration of their fallout on global and domestic economic activity. This letter highlights what I, and our managers, see today as the most likely impacts on our businesses, both short and long term. Next week's updates could bring either good or disappointing news, causing us to change our view.

Overall, however, with the general business outlook so uncertain, I consider SEACOR's diversity of revenue streams comforting. I will discuss them in the following pages. Before beginning, I want to express deep appreciation for the commitment of the over 2,000 individuals who are the backbone and sinew of SEACOR's businesses.

FINANCIAL RESULTS

Earnings, Income Statement, and Balance Sheet

GAAP 2019 earnings were \$27 million, or \$1.38 per diluted share, a 3.8% return on beginning equity of \$704 million. This is disappointing but given the persistent rains in the Midwest, which effectively shut down our inland operations in St. Louis for just over 10% of the year, and a trade war that strangled exports of U.S. grain, we were fortunate to have eked out a better yield than available from a 10-year tax free coupon at the beginning of January last year. (Not a good return even grading on a "curve.")

SEACOR produced \$111 million of "cash earnings", \$5.44 per diluted share.¹ Our seven most significant joint ventures had equity losses of \$6 million.² These joint ventures produced \$22 million in OIBDA, of which almost \$12 million was SEACOR's share.

¹ For the calculation of "cash earnings," see Appendix I. Our OIBDA, defined as operating income (loss) plus depreciation and amortization, expenses non-cash incentive compensation of \$5 million for share awards (restricted stock awards and stock options) and all costs for periodic maintenance (surveys and special overhauls of machinery), the latter which some others exclude from their reported EBITDA and characterize as "maintenance CAPEX." (EBITDA is more commonly put forward as a financial metric than OIBDA, but it does not account for cash required for interest coupons and taxes.) On August 2, 2019, SEACOR acquired its partner's 49% ownership position in SEA-Vista, our tanker owning subsidiary. SEACOR issued 1,500,000 shares of Common Stock and paid about \$108 million in cash. This acquisition added \$9 million to "cash" OIBDA. SEA-Vista is part of the Seabulk "brand."

² The seven joint ventures that relate closely to our operating activities include Trailer Bridge, RF Vessel Holdings and Golfo de Mexico (collectively, dba CG Railway), KSM, SCFCo (dba InterBarge), Bunge-SCF Grain, SCF Bunge Marine, and O'Brien's do Brazil. For additional information, see Note 4 of our 2019 10-K on pages 89 to 92.

Balance Sheet and Liquidity

SEACOR's balance sheet is sound. Our liquidity is ample, and it will be boosted by the approximately \$32 million of tax recovered from our 2019 net operating loss carryback, now permitted by recent legislation. Our treasury ended 2019 with \$86 million of cash.³ SEACOR also has an undrawn credit facility of \$125 million. During the year, we purchased our 3.0% Convertible Senior Notes for \$56 million. Total debt at yearend was \$314 million.⁴ The \$22 million increase in receivables year-over-year relates to reimbursement from the government (Federal Emergency Management Agency – "FEMA").

Our discrete businesses are capable of financing their own operations. SEA-Vista, our Jones Act tanker subsidiary, has its own \$200 million bank facility, divided between a term loan and line of credit with \$100 million undrawn as of December 31. Our Waterman subsidiary, which services the U.S. military, leases all its key operating assets.⁵ Our inland group is also largely self-financing and relies only occasionally on our corporate treasury. The operation with the largest advance from the parent company is Witt O'Brien's, our crisis and emergency management business. It is for expedience that it does not have its own credit line.

Capital Expenditures

Capital expenditures totaled \$38 million in 2019. We took delivery of two inland river towboats, acquired real property, upgraded several inland river towboats, and purchased a previously leased-in harbor tug. We ended the year with capital commitments of \$62 million, of which \$51 million relate to four harbor tugs. In total, we had almost \$13 million on deposit for equipment on order.⁶

OIBDA, "Free Cash Flow," and Enterprise Sustainability

By way of preface, I hope the general observations about depreciation, free cash flow, and business sustainability that follow are useful.

Successive letters have pointed out that OIBDA is a useful metric for comparing operating results of two companies, but also called attention to its limitations: depreciation can be a real expense. Hence, my discussion of OIBDA and operating cash is incomplete without a discussion of "free cash flow."⁷ I think of "free cash

³ Cash includes cash, restricted cash, and their funds in money markets, and marketable securities.

⁴ Since January 2020, we retired another \$16 million of our notes; almost \$35 million is due November 19, 2020. Pursuant to the terms of our line of credit, one year prior to the date holders of our 3% notes can put them to SEACOR we must hold and maintain cash to sufficiently satisfy the obligation.

⁵ Although SEA-Vista has a \$100 million term loan, which is included in our consolidated debt, SEACOR does not guarantee that obligation. Waterman's bareboat charters are not guaranteed by SEACOR.

⁶ Since January 2020, we committed to an additional \$5 million in capital expenditures.

⁷ I have found several definitions of "free cash flow": one is OIBDA/EBITDA *less* capital expenditures and dividends, or, expressed somewhat differently, "money available to pay back debt, pay investors, or grow the business" after all expenses of operations of the company have been paid (including capital expenditures), and cash required for working capital. All the foregoing is relevant when assessing the quality of a company's reported earnings and its financial health. However, apart from thinking about free cash flow in context of several years, I also differentiate capital expenditures that are foreseeable and essential for the sustainability of an enterprise (and debt due in two

flow" in a multi-year context. I also compartmentalize in my head the cash generated in any one year into two categories. One cubby holds dollars that need to be accumulated to pay for, or be the down payment for, essential capital expenditures over a two-to-three-year period, or to redeem debt. The other bin holds money we can distribute, use for share repurchases, or invest for growth. Of course, access to capital is also a consideration. Debt can be refinanced, and growth opportunities can be funded by share issuances or debt, or a combination thereof.

The discussion of our different revenue streams lays out foreseeable, obligatory reinvestments.

Leasing and OIBDA

Leasing equipment is one option for financing our assets. As a reminder, when we sell an asset and lease it back, we shed depreciation and interest expense. Those charges are incorporated into the lease rate, which becomes an expense of operations.⁸ Leasing assets reduces OIBDA and operating income. Conversely, repurchasing an asset that has been leased (exercising Early Buyout Option, "EBO") boosts OIBDA. Year-over-year or sequential period comparisons can be misleading as to the performance of our businesses unless OIBDA is adjusted for the impact of lease activity.

We have various reasons for selling and leasing equipment; dressing up OIBDA to flatter our returns on capital is not one of them. Our choice to lease usually relates to the relative value of tax depreciation to us, or to a buyer-lessor, and comparative cost with unsecured or mortgage debt.

OCEAN TRANSPORTATION & LOGISTICS SERVICES ("Ocean Services")

SEACOR has approximately \$504 million invested in the Ocean Services group.⁹ The group has five different revenue streams and three significant joint venture interests.

The group produced \$63 million of operating income and \$88 million of "cash" OIBDA.¹⁰ Ocean Services' diversification effort has paid off: 65% of segment operating income and 57% of "cash" OIBDA were generated by our port and harbor services, logistics support for the U.S. government, and our Caribbean liner business. This compares with 49% and 54% respectively in 2018. Our goal is to continue optimizing our businesses adding and bundling more services with our assets, helping

years) from optional outlays, linked to growth or improving productivity. I do not see the latter as encroaching on "free cash flow," but rather as growth capital.

⁸ The lease payment reflects the new owner-lessor's charge for capital, in effect embedding the new owner-lessor's depreciation and imputed "interest."

⁹ In this letter, investment in a business line refers to the stockholders' equity in the business plus or minus the intercompany balances due to/from the parent company. We carry all Ocean Services' equipment on our books for \$549 million net of accumulated depreciation from its original \$929 million of cost. Our tankers and dry bulk ship activities require minimal working capital; vessels working on period charters are typically paid monthly in advance and affreightment is paid usually before a vessel discharges cargo. Ocean Services employs approximately 1,200 individuals, about 260 shore-based personnel and around 950 on board the vessels and tugs it owns and manages. Of the 950 seamen, 12% are non-U.S. citizens.

¹⁰ For the calculation of "cash" OIBDA, see the Financial Highlights' page.

customers measure efficiency of port calls, putting more goods through our warehouses, expanding our customer base via our sales network, offering door to door logistics services, and emphasizing our logistics capabilities in the MSP to do more government work.

U.S. Coastwise Bulk Transportation (“Jones Act”)

The Year in Review – About 50% of our investment in Ocean Services, or \$250 million, is invested in Jones Act tankers, an ATB, and dry bulk vessels.¹¹

Seabulk docked two tankers last year, expensing approximately \$12 million, \$10 million for shipyard work, and \$2 million in crew costs. The 112 days out of service represented an estimated \$6 million in lost revenue.

The Update and Outlook – As of March 31, 2020, Seabulk’s tanker revenue backlog was \$217 million, of which slightly less than \$114 million is triple net (bareboat charter arrangements in shipping terminology). Looking ahead, no tankers come off charter prior to March 2021.

Seabulk has only its articulated chemical tug-barge (“ATB”) operating in the spot market. As noted in last year’s letter, this vessel is particularly well suited for parcel work given its ability to segregate ten grades of cargo. Of the nearly 90 vessels in the Jones Act tanker and ATB fleet, only five can handle more than seven distinct cargoes at the same time.

Seabulk completed a docking of one vessel earlier in 2020 and installed a mandated system to treat ballast water. We had planned to dock one additional vessel this year but, given the current circumstances with COVID-19, the work will be deferred to 2021.

Dry Bulk – We carry our two Jones Act early 1980’s dry bulk vessels at scrap value. Some dry bulk commodities, such as fertilizer, petroleum coke and fly ash, are more economically transported coastwise by vessel than overland by rail. The two ships produced about \$6 million in “cash” OIBDA, covering over 75% of the nearly \$8 million cost for their dockings in 2018.¹² Of the calendar days available, the two ships were 90% utilized.¹³ These ships will not require dockings again until 2021.

Sustainability – In GAAP, accounting for the useful life and residual value ascribed to an asset is management’s “fielder’s choice,” (albeit auditor reviewed). Ocean Services depreciates all its vessels (ships and tugs) over 25 years from original build.¹⁴ Our two bulk carriers and the *Seabulk Challenge* are 39 years old, all

¹¹ The net book value of equipment in Jones Act tankers, ATB, and dry bulk vessels was \$385 million. We also have \$23 million invested in five 12-year-old Jones Act qualified tank barges (aggregate 220,000 barrels capacity with next docking due in 2022/2023) supporting a bunkering operation outside the U.S. The assets and their revenue are ascribed to port services.

¹² The decision to dock our bulk carriers in 2018 was based on our assessment that we could earn back the cost quickly and realize an attractive return for cash spent and risk incurred. I am hopeful we will recoup the rest of our investment in 2020 as well as make a handsome return. Thus far this year, we have earned \$0.8 million.

¹³ Last year the vessels were out of service for about 55 days for repairs for a collective cost of \$4 million out of pocket and estimated \$2 million of lost revenue (hazard of older ships).

¹⁴ Other companies choose to depreciate their coastwise Jones Act ships and tank barges over as many as 40 years.

operating 14 years beyond their projected useful life. They demonstrate that “*useful life*” is not always synonymous with “*useable life*.” Fling enough dollars at old ships (or most equipment) and they will operate. What banishes equipment from service, more often than not, are changes in regulations, acceptability to customers, advances in technology, uncompetitive operating costs, and, of course always compelling, depressed market conditions.

Given the \$150-160 million fully outfitted price tag for new Jones Act tankers such as ours, or \$150 million for a geared Jones Act dry bulk carrier, paying several million dollars for a survey can, depending on market prospects, make sense. Surprisingly, there is still one 1969 steam-powered tanker in operation. It serves customers in the chemical trades.¹⁵ Four of Seabulk’s tanker fleet (including the chemical ATB) are less than four years old. Three of its tankers are in the top quintile of fuel efficiency in the Jones Act fleet.¹⁶

I view each ship in our Jones Act fleet as an investment in a discrete “business.” Each is an independent profit center. Of course, overhead is spread more efficiently when operating a larger group of ships but any decision to acquire (or dispose) of ships would be based on its/their return on investment relative to risk.

Port Services (“Seabulk”)

Our investment in Port Services is approximately \$143 million.¹⁷ Operations produced \$20 million of operating income and approximately \$30 million of “cash” OIBDA. The group operates 23 harbor tugs serving seven ports in the U.S.¹⁸

The Year in Review - “Cash” OIBDA grew by 20% (30% from U.S. harbor towing operations) from the prior year. We increased our customer base in 2019 by over 8%. Last year, our tugs serviced almost 325 of its 400 clients, safely completing close to 22,000 escorts and dockings, about 5% more than 2018. Tanker assists accounted for just over half these jobs. Our tugs handled in round numbers 4,000 transits for container vessels and 2,900 for bulk carriers. In addition, they do “project work,” some of the missions on “need to know” basis.¹⁹

¹⁵ The survey cost for a Jones Act tanker in the latter years of its first decade of life is typically approximately \$3-4 million trending up to \$5 million for third special docking and climbing to \$6-7 million or more for a 25-year-old ship undergoing a fifth special survey. Costs to meet regulations can boost this number.

¹⁶ These three tankers burn 21 metric tons of fuel per day and they are capable of being converted to consume liquefied natural gas. This consumption compares with 32 tons per day for same size vessels that were built post 2000-2009.

¹⁷ We carry our U.S.-flag harbor tug fleet on our books for \$86 million net of accumulated depreciation from its original \$133 million of cost. The net book value of our foreign-flag harbor tug fleet was \$29 million net of accumulated depreciation from its original \$45 million. Our oldest tugs are around 40 years old. In the last 10 years, we have sold 11 tugs that were over 25 years in age, and for over 55% more than end-of-life book value.

¹⁸ We operate in Port Arthur, Texas; Port of Lake Charles, Louisiana; Port of Mobile, Alabama; Port Canaveral, Florida; Port of Tampa, Florida; Port Everglades, Florida; and Port of Miami, Florida. We also have four tugs operating in our Bahamas joint venture, two of which we own. We have four operating in the St. Eustatius bunkering operation. We support our Trailer Bridge, Inc. joint venture with an offshore tug that tows barges to and from Puerto Rico. Seabulk’s Port Services group employs approximately 186 tug crew members and 46 shore-based personnel dedicated to Port Services, most of them in the U.S. There are more shore-based personnel who share responsibilities within the Ocean Services business.

¹⁹ For the very “curious,” year-over-year increases in activity by port (in order of number of tug jobs) were as follows: Total 5% increase; Port Arthur, Texas 5% increase; Port Everglades, Florida 5% decrease; Port Tampa, Florida

During 2019, Port Services put eight tugs through dockings and major overhauls for an aggregate expense just over \$4 million.²⁰ It is a rare year when the group does not put four or more of its assets through regulatory dockings or main engine overhauls, but there can be large variations in expense year over year or sequential periods.²¹ Over 200 days were lost due dockings and periodic extended maintenance on main engines due to service hours. We maintain surge capacity in our system because customers expect us to handle peak traffic; consequently, there is no revenue loss specific to any one asset.

The Update and Outlook – After a good beginning to 2020, activity for our port support services is slowing. The short-term outlook is clouded by the COVID-19 outbreak. Once world trade normalizes and the glut of gasoline and jet fuel inventory is reduced, I would anticipate our ports will again be busy. I expect Florida's population to grow and with that the importance of its ports and demand for goods. It may, however, require more time for cruise lines to regain confidence of vacationers. I am not counting on them to call at Florida ports with the same frequency as in 2019 or the first two months of this year. Although every dollar of revenue is precious, cruise vessels account for less than 5% of our overall business. Looking back over the last five years, activity at our ports has grown considerably and so has productivity per tug, about 4% per year. Assisting ships that call is basic to trade infrastructure.

Sustainability – Our tug assets, although discrete vessels and individually identifiable revenue producers, are integral to a business worth more than the sum of its parts. Multiple ports and tugs of differing capabilities contribute to a service ensemble. Servicing ports is akin to a franchise business, and the Seabulk name is a "brand." As a result, we enjoy a diverse and repeat customer base. Seabulk markets reliability of service and prompt execution. As mentioned previously, part of our service is maintaining capacity to handle peak traffic.

In order to protect the value in the franchise it is periodically necessary to upgrade our asset base. We have, as mentioned, ordered four new tugs. Timing of actual delivery will depend on the timeframe for business recovery from the Coronavirus global recession. These tugs will have higher horsepower required for the larger ships now calling at our ports. Of the four tugs we have on order, two are capable of being fitted with batteries when technology permits.²² Once COVID-19 is relegated to inside page news (hopefully soon), I believe carbon emissions will come back into headline. These new tugs should also be cheaper to maintain than the vessels they replace and experience fewer out-of-service days.

22% increase; Port Mobile, Alabama 8% increase; Port Lake Charles, Louisiana 4% decrease; Port Canaveral, Florida 2% increase; and Port Miami, Florida 35% increase.

²⁰ As with tankers, there is substantial differential in the cost for docking and major overhauls for tugs ten years old or younger compared with tugs over 10 years old. The range would typically be \$150,000 to \$350,000 compared with \$500,000 to \$800,000. Main engine overhauls are usually based on hours of service.

²¹ Depending on the age of vessels whose surveys fall due there can also be meaningful year-to-year differences in maintenance expenses.

²² We will either fund the purchase with a lease finance arrangement once the vessels have delivered, or simply incorporate them into our portfolio of owned assets.

After adding these new tugs, unless we acquire other ports, or expand into adjacent services, I would not anticipate any significant need to reinvest for quite a few years.

Caribbean Island Logistics (“SEACOR Island Lines” or “Island Lines”)

SEACOR has approximately \$23 million invested in SEACOR Island Lines.²³ It produced slightly over \$8 million of operating income and “cash” OIBDA of nearly \$12 million, almost three times that of 2018.²⁴

The Year in Review - SEACOR Island Lines’ key markets continued to grow last year. The Bahamian islands have been a popular destination for cruise ships. In 2019, Island Lines executed 1,391 voyages to 43 ports of call. I consider having a broad customer base beneficial. Our ten largest customers account for less than 30% of our business.

The Update and Outlook – Before COVID-19 shut down the Bahamas, SEACOR Island Lines started 2020 on a high note. The unfortunate storms of 2019 necessitated rebuilding many homes and infrastructure in the Bahamas. In the short run, the Coronavirus has suffocated travel for leisure and the hospitality market. Most development projects of private islands as recreation layover destinations for cruise ships have been put on hold. Cargo volumes to both Bahamas/Turks & Caicos is off 50% due to reduced occupancy of second homes, the drop in tourism, and government mandated shut down on the islands. Pending a resolution to the Coronavirus pandemic, Island Lines has reduced its voyages and consolidated sailings to run more efficiently by combining multiple island destinations. To respond to the surge in demand from *Hurricane Dorian*, SEACOR Island Lines had relied heavily on chartered-in vessels over the last 3-6 months. The final vessel on charter was returned to its owner at the end of March. Two of the core fleet are currently sitting idle.

Looking beyond the immediate impact of COVID-19, we expect volumes to the Bahamas will run 60-70% of prior year levels until confidence in travel and tourism returns or work to rebuild homes destroyed last year resumes. Islands impacted by *Hurricane Dorian* will have to rebuild and this will be an on-going requirement into 2021 and beyond.

I would think that the islands will remain a sanctuary for many Americans and Europeans. Rebuilding homes and communities and adding new ones will continue to be a source of demand; 2021 or 2022; it remains to be seen.

Sustainability – Island Lines strategic infrastructure includes ownership of its Dania marine terminal (and a long-term lease of its cargo receiving and warehouse facility),

²³ SEACOR Island Lines owns eight vessels and other equipment for an original cost of \$47 million and net property and equipment of \$25 million. It has 132 shore-based personnel, including 98 working in its warehouse facilities, and 115 on its vessels.

²⁴ The 2018 results were negatively impacted due to over \$2 million in defending a frivolous lawsuit that was eventually dismissed by the judge.

which sit just outside Port Everglades boundaries in South Florida, and additional owned and leased facilities both in the Bahamas and Turks and Caicos. Like Seabulk's port services business, it has strong customer relationships. From time to time we must replace equipment or repair facilities. We do contemplate upgrading the Dania facility over the next several years. After these outlays, I do not envision any required capital investment unless we expand into new services, experience meaningful growth, acquire a competitor, or choose to purchase real estate we now lease. The 50-500 mile trip from South Florida to Bahamian outer islands or Turks and Caicos is usually not taxing and older vessels are fit for purpose. SEACOR Island Lines' eight vessels have an average age of 15 years. The oldest was originally delivered from its builder in 1998. It cost us over \$3 million to purchase, refurbish it, and upgrade it with a loading ramp and improved cargo lifting capacity.

Sealift Logistics ("Waterman")

Waterman's business is carried on our books for about \$7 million.²⁵ It produced almost \$7 million of operating income and approximately \$8 million of "cash" OIBDA last year.

The Year in Review – Waterman operates four pure car/truck carriers ("PCTCs"). These vessels are used to transport automobiles, mostly from Japan to the Pacific Coast of the U.S. In addition to this regular automobile service, Waterman handled 28 voyages for the military, nine of which also had on board commercial cargo. Two ships underwent surveys for over \$6 million in direct expense, including deviation to the shipyards, and experienced just shy of 55 days out of service and lost revenue of about \$1 million.

The Update and Outlook – COVID-19 is impacting military movements. Most equipment deployments that had been scheduled a few months ago have been cancelled or deferred. I anticipate cargo that needed to be positioned for strategic reasons will eventually get moved; I just don't know when that will occur.

Sustainability - The MSP has slots for 60 vessels. I think about them as akin to a license.²⁶ Nine operators hold the MSP slots; three operate PCTCs competing with those in the Waterman fleet. The MSP program is authorized through 2035. At some time in the foreseeable future, the four ships we now market will have to be replaced. Any capital we invest would be predicated on improved productivity, i.e., more fuel efficient, and commercial demand.²⁷ While we believe MSP is critical to our nation's security and a sound business in the long run, such investment, much as buying a

²⁵ Waterman charters in all four of its PCTCs on a bareboat basis. It capitalizes the stream of lease obligations and it shows up on the balance sheet as both a \$17 million asset and liability. Waterman employs eight shore-based personnel. Its vessels are manned and serviced by Seabulk's technical management group. About 160 merchant seamen are employed on Waterman's vessels.

²⁶ The 60 MSP enrolled vessels have an average age of 14 years. The breakdown by vessel type is the following: 23 containerships (average age of 13 years), 11 geared containerships (average age of 17 years), 6 heavy lift (average age of 8 years), 18 ROROs (average age of 16 years), and 2 tankers (average age of 10 years). Waterman's four vessels have an average age of a little over 19 years.

²⁷ We might choose to build new vessels, acquire vessels in the second-hand market, or pursue a combination. Given the capital required, we would address funding once we decide on a way forward.

tanker or bulk vessel, would depend on our anticipated return on investment relative to risk and cost of capital.

Segment Joint Ventures

Ocean Services' three joint ventures collectively hurt segment profit by \$0.7 million. Trailer Bridge and KSM, our Bahamian terminal servicing joint venture, contributed a token sum to segment profit.²⁸ Unfortunately, CG Railway ("CGR," our shortline railroad/rail ferry) cost us \$1.4 million. Although CGR's vessels performed better operationally than the prior year, preventative maintenance costs to improve reliability weighed on results, as did the lag in gaining back our customers after the previous year's erratic service. Fortunately, CGR has a loyal customer base of approximately 50 clients.

Outlook and Sustainability – Trailer Bridge, the largest of the three joint ventures, employs Jones Act barges, roll-on/roll-off and deck, to move containers, cars, and specialized cargo (i.e. boats, construction equipment, etc.) to Puerto Rico. Its cost, inclusive of capital, are the lowest of the three carriers serving the island, but it is also not suited for perishable or refrigerated cargo. In the wake of the 2017 hurricane, demand surged. Last year, it trended back to more normal levels just as two additional vessels started working in the trade.

Trailer Bridge's key assets are its roll-on-roll-off (car and container carrier) vessels (due for a special survey in 2021), its containers, and its leases in the ports of Jacksonville, Florida and San Juan, Puerto Rico. It also owns five deck barges. It charters third party tugs and having spent just shy of \$8 million for containers and chassis in the last seven months, I do not envision any mandatory capital being required from its owners.²⁹

CGR runs a marine rail ferry between Mobile, Alabama and Coatzacoalcos, Mexico. It is a highly efficient marine highway (or "bridge") for moving commodities like pulp and other products to Mexico and transporting sugar, chemicals, and other products back to the United States facilities east of the Mississippi River. CGR has been struggling with two superannuated vessels that had been neglected for several years due to the prior owner having cash flow issues. Two years ago, we, and our partner in CGR, determined that the business warranted investment. Those ships are scheduled to enter service in the first half of 2021 based on the shipyard's current work schedule.

²⁸ We own 55% of Trailer Bridge and carry it on our books for \$57 million. Our attributable share of Trailer Bridge's OIBDA was \$5 million. It had \$23 million of cash at yearend, some of which was subsequently used to purchase containers. Trailer Bridge has invested in a network of logistics offices. We carry KSM on our books for \$2 million. KSM has contracts with approximately seven years to go and serves customers using four tugs, two chartered from each of its two owners. The charter payments to our tugs return 8.4% on our original cost and are expenses before profit to the partners.

²⁹ Trailer Bridge had about \$17 million in its bank account as of March 31 of this year.

INLAND TRANSPORTATION & LOGISTICS SERVICES (“SCF”)

SEACOR has about \$297 million invested in its inland transport businesses.³⁰ Operating income for SCF was \$3 million. “Cash” OIBDA was approximately \$25 million, of which almost 70%, in round numbers, came from operating our barge pool.

SCF owns 591 covered hopper barges and leases in 50. Third parties own 473 barges. These 1,114 barges operate in a pool. It operates 11 terminals that are hubs for bulk, agricultural and industrial cargoes, such as salt, iron ore, aluminum ingots, steel and containers, by way of example. These terminals unload rail cars and trucks and transfer cargo to warehouses or liquid storage tanks or to barges, or unload barges and transfer to rail and truck. It also has 31 separate fleeting areas, which can accommodate approximately 725 barges, mostly in the St. Louis region. Fleets generate multiple revenue streams. They are staging areas for barges and our fleet boats move them to loading docks or group them into “tows” for transit. We also get paid by the day when a barge occupies a space in the fleet. Fleet personnel clean and repair barges.³¹

The Year in Review – Results for the barge pool were in line with 2018, but considerably below the average since we began tracking the data (14 years ago). In last year’s letter I pointed out that high water had helped results in the early months of 2019, allowing us to load to deeper drafts and carry more cargo, but also noted that there can be “too much of a good thing.” I probably should not have let the “river gods” know that they had bestowed a blessing. The rains continued. By late spring, St. Louis harbor had to shut down and remained effectively in “lockdown” for 40 days. Considering that SCF encountered flooding in a warehouse, marginal access to its fleets, and disrupted logistics during transits, 2019 results were not terrible. I don’t like making any excuse for mediocre results, but it is difficult to perform when weather creates *force majeure* circumstances. The pool barges made an average of seven trips during the year. In a year with more normal weather we would expect a barge to make eight trips and the average number of barges per trip handled by our boats to be 20-30% greater. Now we face the COVID-19 challenge.

The pool handled approximately 5,000 loadings of agricultural products and almost 2,000 trips with industrial cargo (fertilizer, steel, scrap, and ore). We worked for just under 300 different customers, including operators of tank barges and oil companies

³⁰ In the U.S., Inland owns warehouses, fleeting sites (riparian rights), cranes, locomotives, forklifts, fleet boats, line haul towboats, specialty barges, and dry-cargo barges operating in the pool. As of December 31, 2019, the net book value of our dry-cargo barges was approximately \$107 million (original cost \$225 million) and the average age was 11 years old. We depreciate them over 20 years. At yearend SCF had \$69 million of receivables, \$55 million invested in joint ventures, \$2 million in goodwill, and over \$7 million in intangible assets. Our most expensive barge was purchased in 2011 for slightly less than \$520,000 and our lowest cost acquisition was for \$260,000 in 2004. Our 18 fleet support boats have an approximate average age of 40 years. They should be serviceable for another ten, but we are studying options for replacing them with “clean,” electric driven propulsion. SCF employs approximately 480 in the United States, of which 54 people are on shore working in administration, marketing, and operations. We also have about 60 personnel working in our Colombian operations.

³¹ We have just over 200 people in our terminals, fleets and warehouses although this number depends on activity levels. Note that although we have 700+ spaces for barges at full occupancy, when there is active movement on the river, maneuvering barges in and out of tows requires some open space and we can accommodate 450.

who park barges at our fleet, and financial investors who store commodities at SCF warehouses.

The other headline story, apart from biblical weather, was the trade war with China. Early in the year, China stopped importing grain from the United States. South America had a good crop and benefitted from weak currency, allowing its farmers to make further inroads into markets previously covered by the U.S. SCF's pool transported 14% less grain in 2019 than 2018. Although some of the shipments that might have gone to China were ultimately purchased by customers that would otherwise have taken grain from South America, river volumes were off significantly.

Colombian operations last year contributed approximately \$4 million to SCF's "cash" OIBDA, a \$1 million decrease from 2018.³² Our contract with Ecopetrol runs through December 2020.

There is some good news. We launched a "container-on-barge" service in 2016 and last year there was a significant increase in movement. SEACOR AMH ("AMH" is short for America's Marine Highway), transported approximately 55,000 containers between SCF's facility in Memphis and the greater New Orleans port, both loaded and empty. We are building six specialty barges for this service. AMH supports the federal government's "marine highway" program designed to reduce CO₂ and other emissions.

Although AMH is a small part of SCF's business today, it is potentially a beacon for the future and merits a description of its business. We move empty barges from our Memphis property to Port Allen (Baton Rouge port district) and then load them with resin for transit to New Orleans where outbound container vessels pick them up. We estimate this displaces 14,000 truck moves from Baton Rouge to New Orleans, and it saves a total of 1.4 million gallons of diesel fuel curtailing emission of multiple tons of particulate and nitrous oxide emissions and about 14,500 metric tons of CO₂.³³

The Update and Outlook – If proof were required for the colloquialized adage that the "Lord giveth and the Lord taketh,"³⁴ there would be no need to look beyond the barge business. The announcement that the trade war ended (Lord giveth) occurred on the eve of the widespread outbreak of COVID-19 (Lord taketh). Weather is a "routine" hazard for the inland business; plague is a new one.

To date, barge pool activity and throughput at our fleets and terminals are consistent with last year's levels. The critical period that usually determines earnings for the year is August-December. Given COVID-19 and Washington's "love-hate" relationship with China, any prediction is futile. It is much easier to track equipment

³² SCF has approximately \$26 million invested in our Colombian operations.

³³ The loaded barges are stacked three high and the empties four high. We use standard inland hopper barges and have ordered special equipment that will allow us to turn barges faster. America's Marine Highway program is supported by government grants matched by recipients.

³⁴ The phrase is a derivative of Job's comment, "The Lord gave and the Lord has taken away . . ."

availability than to predict demand.³⁵ The good news is that the hopper barge fleet contracted for the second year in a row. Approximately 190 hopper barges were delivered and 622 retired. Capacity to build new barges has been reduced. There are only two yards today producing hopper barges. The quoted “rack rate” for a new covered hopper barge in early April was \$580,000, only modestly cheaper than last year despite an almost 30% drop in the price of steel.³⁶ A well-maintained barge can last 30, perhaps even 35 years, if it has spent limited service time hauling “hard” cargoes such as salt or scrap. Nevertheless, barges do encounter expenses as they age. A paint job now costs \$26,000 and regular maintenance expenses tend to increase. Today’s difficult market environment should give owners pause before spending money rather than parking or scrapping older equipment.

Segment Joint Ventures

SCF’s share of their aggregate loss was almost \$7 million. Collectively, the four joint ventures produced \$13 million of “cash” OIBDA, our share was nearly \$7 million. The culprit of the loss was SCFCo, owner of Interbarge, which operates a dry-cargo barge fleet in South America. It continues to struggle with a market weighed down by excess equipment split among too many owners. Our grain elevators, like our U.S. barge operations, wound up with less throughput than normal due to the trade war and weather. Grain elevators charge for storing product but the most profitable business is the “in and out”, “throughput” which is higher margin revenue.³⁷ Our towing operations in the lower river made a few dollars.

Sustainability and Brand

We control our barges through a combination of outright ownership, leasing, and management agreements with third parties.³⁸ The average age of our owned dry-cargo barges is slightly over 11 years. An individual barge, like a tanker or a tug, is its own independent revenue stream and a discrete capital investment. We do not subscribe to regularity of fleet renewal, an approach, taken by some of the other industry participants which add a few barges every year, irrespective of cost. Our approach is opportunistic. Given the average age of our fleet and its expected longevity, there is no foreseeable requirement to invest in barges. Our four new line haul towboats typically working the St. Louis to New Orleans corridor are less than three years old. Were LNG to become readily available, we would consider modifying their engines, adapting them to cleaner fuel, but that opportunity appears still to be several years off and would also require retrofit to handle the fuel.³⁹ I do not envision adding more boats unless our managed barge fleet were to grow.

³⁵ Prognosticating utilization for a given year requires not only guessing volumes needing to be moved, and forecasting “ton miles” (distance), but also anticipating transit times, storage programs, and efficiency (days) at load ports and destinations. All influence demand.

³⁶ There are approximately 320 tons of steel in a hopper barge and the cover, which is fiber glass, costs \$58,000. The balance of the cost is labor and attributed overhead and profit for the shipyard. The current price of steel plate is approximately \$700/ton, compared with \$980/ton last year at this time.

³⁷ SCF has an ownership interest in three grain elevators and a fertilizer storage facility.

³⁸ Over 70% of our third-party investor managed barges are owned by a large customer.

³⁹ There are roughly 235 towboats operating over 6,000 horsepower with approximately 200 built prior to 2000.

I do anticipate that modernizing our fleet boats, upgrading equipment at our terminals and warehouses such as cranes, and improving the real estate – protection from flooding - will be on-going efforts and require capital outlays over the next several years. We are examining possibilities to convert some of our fleet boats to electric power and using batteries. In this regard we try to obtain quick payback for dollars laid out. For the last three years we have invested \$11.3 million to improve operations in our fleets and terminals, expenditures exceeded by depreciation.

We are studying opportunities to reduce AMH’s carbon footprint, in particular, the use of LNG to power its vessels.

CRISIS AND EMERGENCY MANAGEMENT (“Witt O’Brien’s”)

SEACOR’s investment in Witt O’Brien’s is \$126 million, over 60% represented by parent company advances to fund working capital pending collection of receivables.⁴⁰ Witt O’Brien’s produced operating income and “cash” OIBDA of \$7 million and \$8 million, respectively.⁴¹

The Year in Review - Witt O’Brien’s continued to diversify its services and broaden its base of private sector clients. However, a significant percent of its revenues relates to “event” driven responses and helping clients navigate programs in support of the public sector. The nearly \$16 million decrease from the prior year “cash” OIBDA was attributable to the successful completion of major task orders related to long-term hurricane recovery programs in Texas and the U.S. Virgin Islands, as well as fewer major weather disturbances. Witt O’Brien’s also invested in personnel to offer clients advisory expertise in hazard mitigation, crisis communications, and support for accessing programs funded by the U.S. Department of Housing and Urban Development’s Community Development Block Program.

The Update and Outlook – Witt O’Brien’s continues as lead advisor for the U.S. Virgin Islands’ recovery from back-to-back hurricanes in 2017, implementing the complex program that it helped the Territory design two years ago.

The firm is also supporting COVID-19 response for dozens of organizations. In the public sector, this includes municipalities, counties, hospitals, health systems and universities across the U.S. Services include assistance maximizing access to Federal response funding (from FEMA and other agencies) and augmentation of emergency operations. The firm is also supporting multinational businesses in financial services, transportation, technology, manufacturing, energy, media and other sectors. In the private sector, Witt O’Brien’s provides outsourced support for emergency management functions in the shipping and energy sectors. These services include planning, training, exercises, compliance and response support, to meet the requirements of the Oil Pollution Act of 1990 and a range of other regulations. Clients

⁴⁰ As of December 31, Witt O’Brien’s had receivables of \$107 million, goodwill of almost \$29 million, and \$6 million in intangible assets.

⁴¹ In addition to the operating business, Witt O’Brien’s has a 50% interest in O’Brien’s do Brasil Consultoria em Emergencias e Meio Ambiente S.A, which is a Brazilian company involved in disaster response. It contributed \$0.9 million to segment profit.

include over 1,000 companies and 8,500 vessels. Early this year, it purchased Navigate, which has an overlapping customer base and provides crisis communications and public relations on a retainer basis. Navigate has consultants in Singapore and London. The hope is that two plus two will add up to more than four.⁴²

Last year's comments continue to hold true. COVID-19 is unfortunate proof that the concept of resilience – encompassing crisis-readiness, business continuity, risk mitigation, disaster response and recovery – is more relevant than ever. This will drive demand for new services and expertise across both governments and the private sector.

CLEANCOR

CLEANCOR is on our books for \$7.5 million. Although still small, it is part of our overall strategy to develop our commercial footprint in support of customers seeking to migrate their operations to cleaner – and eventually renewable – sources of energy, and, when attractively priced, invest in related infrastructure. CLEANCOR's mobile fleet of liquefied and compressed natural gas storage, transport and processing equipment worked for an expanding customer base of agriculture, asphalt, mining and transportation operations. Its assets also supported project-based activity, providing gas supply and pressure stabilization for pipelines when maintenance projects require shutdowns, or when they run short of supply during peak demand periods. LNG sales volumes grew by 40% to over 5 million gallons and frequency of calls for CLEANCOR's equipment and services also increased.

CLEANCOR also expanded its geographical footprint. It now supplies trucks with clean fuel on both the east and west coast, having launched a service providing LNG to drayage trucks running out of Jacksonville, Florida. Although demand in the past month is running behind the first quarter of this year, I am optimistic that the growth CLEANCOR enjoyed up through March will resume. We are also focusing on the integration of renewable natural gas into our gas supply program. Renewable natural gas is derived from range of organic sources, including dairy farms, landfills, and wastewater treatment facilities that, when substituted for conventional fossil fuels, contributes to a dramatic reduction in greenhouse gas and other harmful emissions. The switch to natural gas from diesel is only a first step in California, which looks back to the carbon intensity of the fuel supply chain as well as emissions of end users.

FINAL OBSERVATIONS

As noted at the beginning of this letter, I am comforted by the diversity of SEACOR's businesses. Although this diversity may be confounding to analysts, I believe it serves SEACOR well in the good times and the bad.

We follow a disciplined approach to internal growth and acquisitions and are willing to build businesses like AMH and CLEANCOR from scratch and nurture businesses that tend to have variability in year to year earnings, such as SCF and Witt O'Brien's.

⁴² Navigate is a small acquisition, involving less than \$1 million of net cash and an earnout.

Acquisitions or asset purchases that add accretion to earnings or operating income in the short run are only interesting if they do not produce a hang-over in out years. We also regularly consider small acquisitions, although I would much prefer if big opportunities would come along at valuations we can accept. Finding them requires patience. Fortunately, except for me, our management group is young. Our managers are ambitious, but also thoughtful about value and aware of the risk of being in a hurry.

Throughout my discussion of our businesses above, I have sought to focus on cash generation and sustainability. I want to reiterate that what we can take from any one year's cash we deposit in the bank - (to use for dividends, share-repurchase or invest for growth) - is those dollars that do not foreseeably need to be reserved to sustain the businesses or deal with repayment of debt. Our brands and franchises endure and prosper only if we invest as necessary to meet customers' expectations and improve our own productivity. My time horizon is multi-year and that is how I measure ours (or any) business.

It bears repeating that our priorities are the health and safety of our people, that of customers and vendors with whose personnel we frequently interact, and concern for the environment. More important than any financial information or operating metric – at least to me – is the fact that SEACOR's work force has experienced only a few documented cases of Corona virus and everyone has recovered.

Sincerely,

A handwritten signature in black ink that reads "Charles Fabrikant". The signature is written in a cursive, slightly slanted style.

Charles Fabrikant
Executive Chairman and Chief Executive Officer

FINANCIAL HIGHLIGHTS FROM CONTINUING OPERATIONS (U.S. dollars, in thousands)

	Years Ended December 31,				
	2019	2018	2017	2016	2015
CONSOLIDATED BUSINESS¹					
Operating Income (Loss)	\$ 45,155	\$ 85,999	\$ 50,483	\$ (9,700)	\$ 43,289
(+) Depreciation and amortization	68,571	74,579	75,058	62,565	60,356
OIBDA²	113,726	160,578	125,541	52,865	103,645
(-) Amortization of deferred gains ³	(1,322)	(25,737)	(17,352)	(17,493)	(17,548)
OIBDA less deferred gains	112,404	134,841	108,189	35,372	86,097
(+) Accelerated vesting of incentive compensation ⁴	-	-	16,614	-	-
(-) Partner's portion of SEA-Vista's OIBDA less deferred gains ⁵	(15,999)	(30,292)	(35,501)	(21,215)	(16,525)
"Cash" OIBDA⁶	\$ 96,405	\$ 104,549	\$ 89,302	\$ 14,157	\$ 69,572
OCEAN TRANSPORTATION & LOGISTICS SERVICES¹					
Operating Income	\$ 62,569	\$ 71,988	\$ 74,647	\$ 48,436	\$ 45,592
(+) Depreciation and amortization	40,986	46,270	46,073	31,162	26,296
OIBDA²	103,555	118,258	120,720	79,598	71,888
(-) Amortization of deferred gains ³	-	(22,592)	(14,480)	(15,004)	(14,086)
OIBDA less deferred gains	103,555	95,666	106,240	64,594	57,802
(+) Accelerated vesting of incentive compensation ⁴	-	-	2,058	-	-
(-) Partner's portion of SEA-Vista's OIBDA less deferred gains ⁵	(15,999)	(30,292)	(35,501)	(21,215)	(16,525)
"Cash" OIBDA⁶	\$ 87,556	\$ 65,374	\$ 72,797	\$ 43,379	\$ 41,277
INLAND TRANSPORTATION & LOGISTICS SERVICES					
Operating Income	\$ 3,116	\$ 18,034	\$ 11,166	\$ 5,333	\$ 33,136
(+) Depreciation and amortization	23,262	24,164	25,852	26,327	28,632
OIBDA²	26,378	42,198	37,018	31,660	61,768
(-) Amortization of deferred gains ³	(1,322)	(3,077)	(2,869)	(2,489)	(3,462)
OIBDA less deferred gains	25,056	39,121	34,149	29,171	58,306
(+) Accelerated vesting of incentive compensation ⁴	-	-	2,063	-	-
"Cash" OIBDA⁶	\$ 25,056	\$ 39,121	\$ 36,212	\$ 29,171	\$ 58,306
WITT O'BRIEN'S					
Operating Income (Loss)	\$ 6,955	\$ 21,790	\$ 2,882	\$ (32,985)	\$ 2,251
(+) Depreciation and amortization	835	1,944	819	1,539	1,711
OIBDA²	7,790	23,734	3,701	(31,446)	3,962
(+) Accelerated vesting of incentive compensation ⁴	-	-	565	-	-
"Cash" OIBDA⁶	\$ 7,790	\$ 23,734	\$ 4,266	\$ (31,446)	\$ 3,962

¹ On May 2, 2014, SEACOR issued a 49% noncontrolling interest to a financial investor in SEA-Vista, which owns and operates the Jones Act tanker fleet. On August 2, 2019, SEACOR acquired our partner's 49% ownership position in SEA-Vista. SEA-Vista's consolidated results are included in operating income, depreciation and amortization, and the amortization of deferred gains.

² SEACOR defines OIBDA, a non-GAAP financial measure, as operating income (loss) plus depreciation and amortization. For additional information, see SEACOR's disclosure regarding OIBDA, a non-GAAP financial measure, and the rationale for its use in SEACOR's earnings releases.

³ Amortization of deferred gains may be included in operating expenses as a reduction to rental expense and/or included in gains (losses) on asset dispositions and impairments, net. On January 1, 2019, the Company adopted Topic 842 and reduced deferred gains associated with sale-leaseback transactions through a beginning period retained earnings adjustment.

⁴ Non-recurring expenses associated with the accelerated vesting of incentive compensation related to the spin-off of SEACOR Marine Holdings Inc. and in advance of changes in the U.S. federal income tax code.

⁵ Reflects our partner's portion of OIBDA less the amortization of deferred gains related to SEA-Vista. On August 2, 2019, SEACOR acquired our partner's 49% ownership position in SEA-Vista.

⁶ "Cash" OIBDA is defined as OIBDA less the amortization of deferred gains in the period less our partner's portion of OIBDA less the amortization of deferred gains for SEA-Vista. In 2017, we added back the costs associated with the accelerated vesting of incentive compensation.

Forward-Looking Statement: Certain statements discussed in this Letter to Stockholders constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements concerning management's expectations, strategic objectives, business prospects, anticipated economic performance and financial condition and other similar matters involve significant known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of results to differ materially from any future results, performance or achievements discussed or implied by such forward-looking statements. Readers should refer to the Company's Form 10-K and particularly the "Risk Factors" section for a discussion of risk factors that could cause actual results to differ materially.

APPENDIX I: "Cash Earnings" and Proxy for Cash Earned (U.S. dollars, in thousands)

	Years Ended December 31,	
	2019	2018
CONSOLIDATED BUSINESS¹		
Operating Income	\$ 45,155	\$ 85,999
(+) Depreciation and amortization	68,571	74,579
OIBDA²	113,726	160,578
(-) Amortization of deferred gains ³	(1,322)	(25,737)
OIBDA less deferred gains	112,404	134,841
(-) OIBDA less amortization of deferred gains attributable to noncontrolling interests ⁴	(15,999)	(30,292)
"Cash" OIBDA⁵	96,405	104,549
(-) Cash interest paid, net ⁶	(4,220)	(15,408)
(-) Income tax obligation	(25)	(18,915)
(+/-) Marketable security gains (losses), net	18,394	(12,431)
Cash Earnings	110,554	57,795
(-) Make-whole premium to redeem the 7.375% notes	-	(5,601)
(+) Return from sale of Hawker Pacific Airservices, Limited ⁷	-	51,000
Proxy for cash earned	\$ 110,554	\$ 103,194

¹ On May 2, 2014, SEACOR issued a 49% noncontrolling interest to a financial investor in SEA-Vista, which owns and operates the Jones Act tanker fleet. On August 2, 2019, SEACOR acquired our partner's 49% ownership position in SEA-Vista. SEA-Vista's consolidated results are included in operating income, depreciation and amortization, and the amortization of deferred gains.

² SEACOR defines OIBDA, a non-GAAP financial measure, as operating income plus depreciation and amortization.

³ For the twelve months ended December 31, 2019, amortization of deferred gains is included in gains on asset dispositions. For the twelve months ended December 31, 2018, amortization of deferred gains may be included in operating expenses as a reduction to rental expense and/or included in gains on asset dispositions.

⁴ Reflects our partner's portion of OIBDA less the amortization of deferred gains related to SEA-Vista. On August 2, 2019, SEACOR acquired our partner's 49% ownership position in SEA-Vista.

⁵ "Cash" OIBDA is defined as OIBDA less the amortization of deferred gains in the period less our partner's portion of OIBDA less the amortization of deferred gains for SEA-Vista.

⁶ Amount is net of interest income, excludes capitalized interest, and is net of our partner's portion of SEA-Vista net interest expense of \$1.2 million and \$2.7 million for the twelve months ended December 31, 2019 and 2018, respectively.

⁷ Cash profit from the sale of SEACOR's 34.2% interest in Hawker Pacific Airservices, Limited in April 2018. Our book gain was slightly more at \$53.9 million as a result of recording net equity losses during our ownership.

APPENDIX II: Owned Fleet Profile as of December 31, 2019

	Owned Fleet (Count)	Average Age (Years)	Estimated Useful Life of New Equipment (Years)	Average Remaining Useful Life for Property & Equipment (Years)	Historical Cost ¹ (\$000s)	Net Book Value (\$000s)
OCEAN TRANSPORTATION & LOGISTICS SERVICES						
Petroleum and chemical carriers - U.S.-flag	7	17	25	11	\$ 649,795	\$ 381,901
Harbor and offshore tugs - U.S.-flag	21	20	25	10	133,419	85,782
Harbor tugs - Foreign-flag	6	9	25	13	45,379	29,312
Ocean liquid tank barges - U.S.-flag	5	12	25	14	39,238	23,067
Short-sea container/RORO - Foreign-flag	8	15	20	7	27,073	15,083
Bulk carriers - U.S.-flag	2	40	25	-	13,000	3,200
INLAND TRANSPORTATION & LOGISTICS SERVICES						
Dry-cargo barges	611	11	20	8	\$ 225,278	\$ 106,663
Specialty barges	5	38	20	3	3,828	1,484
Liquid tank barges	20	16	25	13	19,784	16,100
Towboats	8	17	25	19	62,207	57,226
Harbor boats	18	41	25	4	19,296	9,972

¹ Includes property and equipment acquired in business acquisitions at acquisition date fair value.

APPENDIX III: Corporate Performance

Year	Return on Equity ¹	Total Debt to Total Capital ²	Net Debt to Total Capital ^{3,4}	Book Value Per Share ⁵	Market Price Per Share ⁶	Market High Price Per Share ⁷	Market Low Price Per Share ⁸	Book Value Per Share with Dividends Included ⁹	Market Price Per Share with Dividends Included	S&P 500 Index with Dividends Included
Annual Percentage Change										
1992	-	-	-	\$ 7.84	\$ 9.50	\$ 9.67	\$ 9.50	-	-	-
1993	11.0%	51.6%	31.9%	8.72	15.33	18.50	8.67	11.2%	61.4%	10.1%
1994	10.4%	47.3%	22.4%	9.81	13.00	15.83	11.83	12.5%	(15.2)%	1.3%
1995	11.9%	40.9%	31.6%	12.27	18.00	18.17	12.08	25.1%	38.5%	37.5%
1996	21.8%	38.5%	12.4%	16.92	42.00	43.50	17.58	37.9%	133.3%	22.9%
1997	33.9%	41.5%	(2.6)%	22.74	40.17	47.25	26.67	34.4%	(4.4)%	33.3%
1998	26.6%	45.2%	3.4%	28.55	32.96	41.29	21.50	25.5%	(17.9)%	28.5%
1999	5.7%	46.2%	19.2%	29.97	34.50	37.71	26.25	5.0%	4.7%	21.0%
2000	6.7%	40.7%	3.6%	32.28	52.63	44.71	37.75	7.7%	52.5%	(9.1)%
2001	12.8%	28.0%	3.1%	37.03	46.40	54.00	35.10	14.7%	(11.8)%	(11.9)%
2002	6.3%	33.3%	(10.2)%	40.41	44.50	50.80	37.11	9.1%	(4.1)%	(22.1)%
2003	1.5%	30.1%	(9.6)%	41.46	42.03	44.20	33.95	2.6%	(5.6)%	28.7%
2004	2.6%	39.4%	3.4%	45.20	53.40	55.75	37.35	9.0%	27.1%	10.9%
2005	20.1%	40.3%	11.4%	56.04	68.10	73.90	52.90	24.0%	27.5%	4.9%
2006	16.5%	37.0%	0.3%	64.52	99.14	101.48	68.11	15.1%	45.6%	15.8%
2007	15.0%	35.7%	(3.4)%	72.73	92.74	102.81	81.60	12.7%	(6.5)%	5.6%
2008	13.3%	36.4%	10.9%	81.44	66.65	97.35	53.40	12.0%	(28.1)%	(37.0)%
2009	8.8%	28.7%	(2.4)%	86.56	76.25	91.09	53.72	6.3%	14.4%	26.4%
2010	12.5%	28.6%	(5.4)%	83.52	101.09	114.80	67.59	13.8%	52.5%	15.1%
2011	2.3%	36.6%	7.9%	85.49	88.96	112.43	78.31	2.0%	(12.0)%	2.1%
2012	3.4%	35.5%	16.8%	86.17	83.80	99.31	82.11	5.7%	(0.1)%	16.0%
2013	2.2%	38.2%	2.3%	68.73	91.20	98.45	68.17	3.2%	40.3%	32.4%
2014	7.1%	36.8%	4.0%	77.15	73.81	90.05	68.56	7.7%	(19.1)%	13.5%
2015	(4.9)%	43.5%	6.0%	74.08	52.56	77.65	50.40	(2.6)%	(28.8)%	1.4%
2016	(17.0)%	46.3%	16.1%	60.97	71.28	72.97	42.35	(11.4)%	35.6%	11.8%
2017	5.8%	43.5%	18.2%	34.77	46.22	75.47	32.06	5.1%	3.8%	21.9%
2018	9.3%	29.3%	14.3%	38.41	37.00	58.75	35.07	3.4%	(19.9)%	(4.4)%
2019	3.8%	27.9%	20.3%	40.23	42.99	51.42	36.32	1.6%	16.6%	31.5%
Overall Return (1992-2019)								1,435.6%	1,043.5%	1,167.4%
Compounded Annual Return (1992-2019)								10.4%	9.4%	9.9%

¹ Return on equity is calculated as net income (loss) attributable to SEACOR Holdings Inc. divided by SEACOR Holdings Inc. stockholders' equity at the beginning of the year.

² Total debt to total capital is calculated as total debt divided by the sum of total debt, including capital leases, and total equity. Total equity is defined as SEACOR Holdings Inc. stockholders' equity plus noncontrolling interests in subsidiaries. Amounts presented do not exclude discontinued operations of National Response Corporation and certain affiliates, SEACOR Energy Inc., and Era Group Inc. prior to 2013. It also does not exclude SEACOR Marine Holdings Inc. and Illinois Corn Processing LLC prior to 2017. Amounts presented for total debt from 2015 to 2019 include debt issuance costs.

³ Net debt to total capital is calculated as total debt less cash and near cash assets divided by the sum of total debt and total equity. Total equity is defined as SEACOR Holdings Inc. stockholders' equity plus noncontrolling interests in subsidiaries. Amounts presented do not exclude discontinued operations of National Response Corporation and certain affiliates, SEACOR Energy Inc., and Era Group Inc. prior to 2013. It also does not exclude SEACOR Marine Holdings Inc. and Illinois Corn Processing LLC prior to 2017. Amounts presented for total debt from 2015 to 2019 include debt issuance costs.

⁴ The long-term operating lease obligations (in excess of one year) were \$144.3 million as of December 31, 2019. If we include future lease obligations to the net debt to total capital computation, the percentage changes to 29.3% for 2019. For additional information on operating leases, see Note 8 to our Consolidated Financial Statements in our 2019 Form 10-K.

⁵ Total book value per common share is calculated as SEACOR Holdings Inc. stockholders' equity divided by common shares outstanding at the end of the period. Amounts presented from 1992 to 1999 have been adjusted for the three-for-two stock split effected on June 15, 2000. Book value per share from 2010 to 2019 was impacted by the Special Cash Dividends of \$15.00 per common share and \$5.00 per common share paid to stockholders on December 14, 2010, and December 17, 2012, respectively. Book value per share from 2013 to 2019 was also impacted by the spin-off of Era Group Inc. on January 31, 2013, amounting to \$20.88 per common share. Book value per share in 2017 and 2019 was impacted by the spin-off of SEACOR Marine Holdings Inc. on June 1, 2017, amounting to \$29.69 per common share, and a dividend of Dorian LPG Ltd. shares, amounting to \$1.75 per common share.

⁶ This represents closing prices at December 31. Amounts presented from 1992 to 1999 have been adjusted for the three-for-two stock split effected on June 15, 2000. Market price per share was impacted by the Special Cash Dividends of 2010 and 2012, the spin-off of Era Group Inc. on January 31, 2013 (closing price of \$20.39), the spin-off of SEACOR Marine Holdings Inc. on June 1, 2017 (closing price of \$20.59), and the dividend of Dorian LPG Ltd. shares in 2017.

⁷ This represents the high closing prices during the period. Amounts presented from 1992 to 2000 have been adjusted for the three-for-two stock split effected on June 15, 2000. Market price per share was impacted by the Special Cash Dividends of 2010 and 2012, the spin-off of Era Group Inc. on January 31, 2013 (closing price of \$20.39), the spin-off of SEACOR Marine Holdings Inc. on June 1, 2017 (closing price of \$20.59), and the dividend of Dorian LPG Ltd. shares in 2017.

⁸ This represents the low closing prices during the period. Amounts presented from 1992 to 1999 have been adjusted for the three-for-two stock split effected on June 15, 2000. Market price per share was impacted by the Special Cash Dividends of 2010 and 2012, the spin-off of Era Group Inc. on January 31, 2013 (closing price of \$20.39), the spin-off of SEACOR Marine Holdings Inc. on June 1, 2017 (closing price of \$20.59), and the dividend of Dorian LPG Ltd. shares in 2017.

⁹ The annual percentage changes from 2009 to 2019 were adjusted to add back the Special Cash Dividends of 2010 and 2012. The annual percentage changes from 2012 to 2019 were adjusted to add back the spin-off of Era Group Inc. of \$20.88 per common share in 2013. The annual percentage change from 2016 to 2019 was adjusted to add back the the spin-off of SEACOR Marine Holdings Inc. of \$29.69 per common share in 2017, and the dividend of Dorian LPG Ltd. shares, amounting to \$1.75 per common share in 2017. The compounded annual return has also been adjusted accordingly.

United States
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K
ANNUAL REPORT
PURSUANT TO SECTIONS 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2019

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number 1-12289

SEACOR Holdings Inc.

(Exact name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

2200 Eller Drive, P.O. Box 13038,
Fort Lauderdale, Florida

(Address of Principal Executive Office)

13-3542736

(I.R.S. Employer
Identification No.)

33316

(Zip Code)

Registrant's telephone number, including area code (954) 523-2200

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, par value \$.01 per share	CKH	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the voting stock of the registrant held by non-affiliates as of June 30, 2019 was approximately 821,127,160 based on the closing price on the New York Stock Exchange on such date. The total number of shares of Common Stock issued and outstanding as of February 25, 2020 was 20,179,162.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive proxy statement for its 2020 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission (the "Commission") pursuant to Regulation 14A within 120 days after the end of the Registrant's last fiscal year is incorporated by reference into Part III of this Annual Report on Form 10-K.

SEACOR HOLDINGS INC.
FORM 10-K

TABLE OF CONTENTS

PART I

Item 1.	Business	1
	General	1
	Segment and Geographic Information	1
	Ocean Transportation & Logistics Services	2
	Inland Transportation & Logistics Services	7
	Witt O'Brien's	12
	Other	12
	Government Regulation	13
	Industry Hazards and Insurance	18
	Employees	18
Item 1A.	Risk Factors	19
Item 1B.	Unresolved Staff Comments	31
Item 2.	Properties	31
Item 3.	Legal Proceedings	31
Item 4.	Mine Safety Disclosures	32
	Information About Executive Officers of the Registrant	33

PART II

Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	34
	Market for the Company's Common Stock	34
	Performance Graph	35
	Issuer Repurchases of Equity Securities	36
Item 6.	Selected Financial Data	37

Item 7.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	38
	Consolidated Results of Operations	38
	Liquidity and Capital Resources	51
	Effects of Inflation	56
	Contingencies	56
	Related Party Transactions	58
	Critical Accounting Policies and Estimates	58
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	61
Item 8.	Financial Statements and Supplementary Data	62
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	62
Item 9A.	Controls and Procedures	62
Item 9B.	Other Information	63
PART III		
Item 10.	Directors, Executive Officers and Corporate Governance	63
Item 11.	Executive Compensation	63
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	63
Item 13.	Certain Relationships and Related Transactions, and Director Independence	63
Item 14.	Principal Accounting Fees and Services	63
PART IV		
Item 15.	Exhibits, Financial Statement Schedules	119
Item 16.	Form 10-K Summary	121

FORWARD-LOOKING STATEMENTS

Certain statements discussed in Item 1. (Business), Item 1A. (Risk Factors), Item 3. (Legal Proceedings), Item 7. (Management's Discussion and Analysis of Financial Condition and Results of Operations), Item 7A. (Quantitative and Qualitative Disclosures About Market Risk) and elsewhere in this Annual Report on Form 10-K, as well as in other materials and oral statements that the Company releases from time to time to the public constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements concern management's expectations, strategic objectives, business prospects, anticipated economic performance and financial condition and other similar matters and involve significant known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of results to differ materially from any future results, performance or achievements discussed or implied by such forward-looking statements. Certain of these risks, uncertainties and other important factors are discussed in Item 1A. (Risk Factors) and Item 7. (Management's Discussion and Analysis of Financial Condition and Results of Operations). However, it should be understood that it is not possible to identify or predict all such risks and other factors that could affect these forward looking statements. These statements constitute the Company's cautionary statements under the Private Securities Litigation Reform Act of 1995. The words "anticipate," "estimate," "expect," "project," "intend," "believe," "plan," "target," "forecast" and similar expressions are intended to identify forward-looking statements. Forward-looking statements speak only as of the date of the document in which they are made. The Company disclaims any obligation or undertaking to provide any updates or revisions to any forward-looking statement to reflect any change in the Company's expectations or any change in events, conditions or circumstances on which the forward-looking statement is based. It is advisable, however, to consult any further disclosures the Company makes on related subjects in its Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the Securities and Exchange Commission.

PART I

ITEM 1. BUSINESS

General

Unless the context indicates otherwise, the terms "we," "our," "ours," "us" and the "Company" refer to SEACOR Holdings Inc. and its consolidated subsidiaries. "SEACOR" refers to SEACOR Holdings Inc., incorporated in 1989 in Delaware, without its subsidiaries. "Common Stock" refers to the common stock, *par value* \$.01 per share, of SEACOR. The Company's fiscal year ended on December 31, 2019.

SEACOR's principal executive office is located at 2200 Eller Drive, P.O. Box 13038, Fort Lauderdale, Florida 33316, and its telephone number is (954) 523-2200. SEACOR's website address is www.seacorholdings.com. Any reference to SEACOR's website is not intended to incorporate the information on the website into this Annual Report on Form 10-K.

The Company's corporate governance documents, including the Board of Directors' Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee charters are available, free of charge, on SEACOR's website or in print for stockholders.

All of the Company's periodic reports filed with the Securities and Exchange Commission ("SEC") pursuant to Section 13(a), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, are available, free of charge, on SEACOR's website, including its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statements and any amendments to those reports. These reports and amendments are available on SEACOR's website as soon as reasonably practicable after the Company electronically files the reports or amendments with the SEC. The SEC maintains a website (www.sec.gov) that contains these reports, proxy and information statements and other information.

Segment Information

SEACOR is a diversified holding company with interests in domestic and international transportation and logistics, risk management consultancy and other businesses. The Company conducts its activities in the following reporting segments:

- Ocean Transportation & Logistics Services
- Inland Transportation & Logistics Services
- Witt O'Brien's
- Other

Discontinued Operations

On June 1, 2017, the Company completed the spin-off of SEACOR Marine Holdings Inc. (“SEACOR Marine”), the company that operated SEACOR’s Offshore Marine Services business segment, by means of a dividend of all the issued and outstanding common stock of SEACOR Marine to SEACOR’s shareholders (the “Spin-off”). Prior to the Spin-off, SEACOR and SEACOR Marine entered into a Distribution Agreement and other agreements that govern the post-Spin-off relationship between SEACOR and SEACOR Marine. For all periods presented herein, the Company has reported the historical financial position, results of operations and cash flows of SEACOR Marine as discontinued operations.

On July 3, 2017, the Company completed the sale of its 70% interest in Illinois Corn Processing LLC (“ICP”), the company that operated SEACOR’s Illinois Corn Processing business segment. For all periods presented herein, the Company has reported the historical financial position, results of operations and cash flows of ICP as discontinued operations.

Ocean Transportation & Logistics Services

Business

Ocean Transportation & Logistics Services (“Ocean Services”) owns and operates a diversified fleet of bulk transportation, port and infrastructure, and logistics assets, including U.S. coastwise eligible vessels and vessels trading internationally. Ocean Services owns and operates U.S.-flag petroleum and chemical carriers servicing the U.S. coastwise crude oil, petroleum products and chemical trades. Ocean Services’ dry bulk vessels operate in the U.S. coastwise trade. Ocean Services’ port and infrastructure services includes assisting deep-sea vessels docking in U.S. Gulf and East Coast ports, providing ocean towing services between U.S. ports and providing oil terminal support and bunkering operations in St. Eustatius and the Bahamas. Ocean Services’ logistics assets and services include U.S.-flag Pure Car/Truck Carriers (“PCTCs”) operating globally under the U.S. Maritime Security Program (“MSP”) and liner, short-sea, rail car and project cargo transportation and logistics solutions to and from ports in the Southeastern United States, the Caribbean (including Puerto Rico), the Bahamas and Mexico as well as ‘door-to-door’ solutions for certain customers. Ocean Services also provides technical ship management services for third-party vessel owners. Ocean Services contributed 53%, 50% and 54% of the Company’s consolidated operating revenues during the years ended December 31, 2019, 2018 and 2017, respectively.

For a discussion of risk and economic factors that may impact Ocean Services’ financial position and its results of operations, see “Item 1A. Risk Factors” and “Ocean Transportation & Logistics Services” in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Equipment, Services and Markets

The following tables identify the types of equipment that comprise Ocean Services' fleet as of December 31 for the indicated years. "Owned" are majority owned and controlled by Ocean Services. "Leased-in" may either be equipment contracted from leasing companies to which Ocean Services may have sold such equipment or equipment chartered-in from third parties. "Joint Ventured" are owned by entities in which Ocean Services does not have a controlling interest.

	Owned	Leased-in	Joint Ventured	Total
2019				
Bulk Transportation Services:				
Petroleum and chemical carriers - U.S.-flag	7	2	—	9
Bulk carriers - U.S.-flag	2	—	—	2
Port & Infrastructure Services:				
Harbor tugs - U.S.-flag	20	4	—	24
Harbor tugs - Foreign-flag	6	—	2	8
Offshore tugs - U.S.-flag	1	—	—	1
Ocean liquid tank barges - U.S.-flag	5	—	—	5
Ocean liquid tank barges - Foreign-flag	—	—	1	1
Specialty vessels - Foreign-flag ⁽¹⁾	—	—	2	2
Logistics Services:				
PCTC ⁽²⁾ - U.S.-flag	—	4	—	4
Short-sea container/RORO ⁽³⁾ vessels - Foreign-flag	8	—	—	8
RORO ⁽³⁾ & deck barges - U.S.-flag	—	—	7	7
Rail ferries - Foreign-flag	—	—	2	2
	<u>49</u>	<u>10</u>	<u>14</u>	<u>73</u>
2018				
Bulk Transportation Services:				
Petroleum and chemical carriers - U.S.-flag	7	3	—	10
Bulk carriers - U.S.-flag	2	—	—	2
Port & Infrastructure Services:				
Harbor tugs - U.S.-flag	19	5	—	24
Harbor tugs - Foreign-flag	6	—	2	8
Offshore tugs - U.S.-flag	1	—	—	1
Ocean liquid tank barges - U.S.-flag	5	—	—	5
Ocean liquid tank barges - Foreign-flag	—	—	1	1
Logistics Services:				
PCTC ⁽²⁾ - U.S.-flag	—	4	—	4
Short-sea container/RORO ⁽³⁾ vessels - Foreign-flag	9	—	—	9
RORO ⁽³⁾ & deck barges - U.S.-flag	—	—	7	7
Rail ferries - Foreign-flag	—	—	2	2
	<u>49</u>	<u>12</u>	<u>12</u>	<u>73</u>
2017				
Bulk Transportation Services:				
Petroleum and chemical carriers - U.S.-flag	8	3	—	11
Bulk carriers - U.S.-flag	2	—	—	2
Port & Infrastructure Services:				
Harbor tugs - U.S.-flag	15	8	—	23
Harbor tugs - Foreign-flag	6	—	2	8
Offshore tugs - U.S.-flag	1	—	—	1
Ocean liquid tank barges - U.S.-flag	5	—	—	5
Ocean liquid tank barges - Foreign-flag	—	—	1	1
Logistics Services:				
PCTC ⁽²⁾ - U.S.-flag	—	4	—	4
Short-sea container/RORO ⁽³⁾ vessels - Foreign-flag	7	—	—	7
RORO ⁽³⁾ & deck barges - U.S.-flag	—	—	7	7
Rail ferries - Foreign-flag	—	—	2	2
	<u>44</u>	<u>15</u>	<u>12</u>	<u>71</u>

(1) One line handling and one crew transport vessel.

(2) Pure Car/Truck Carrier.

(3) Roll On/Roll Off.

Bulk Transportation Services

Petroleum and Chemical Transportation. In the U.S. coastwise petroleum and chemical transportation trade, Ocean Services' oceangoing vessels transport crude oil, petroleum products and chemicals primarily from production areas, refineries and storage facilities along the coast of the U.S. Gulf of Mexico to refineries, utilities, waterfront industrial facilities and distribution facilities along the U.S. Gulf of Mexico and the U.S. Atlantic and Pacific coasts. Ocean Services operates a fleet of owned and leased-in U.S.-flag petroleum and chemical carriers servicing this trade, which as of December 31, 2019 included the following vessels:

Name of Vessel	Year of Build	Capacity in barrels	Tonnage in "dwt"⁽¹⁾
<i>Seabulk Challenge</i>	1981	294,000	48,700
<i>Seabulk Arctic</i>	1998	340,000	46,000
<i>Mississippi Voyager</i> ⁽²⁾	1998	340,000	46,000
<i>Florida Voyager</i> ⁽²⁾⁽³⁾	1998	340,000	46,000
<i>Brenton Reef</i>	1999	341,000	45,000
<i>Independence</i>	2016	330,000	49,000
<i>Constitution</i> ⁽²⁾	2016	330,000	49,000
<i>Sea-Power/Sea-Chem I</i> ⁽⁴⁾	2016	185,000	29,999
<i>Texas Voyager</i> ⁽²⁾⁽³⁾	2017	330,000	49,000

(1) Deadweight tons or "dwt."

(2) Operating under long-term bareboat charter with a customer.

(3) Leased-in vessel.

(4) Articulated tug-barge.

Dry Bulk Transportation. In the U.S. coastwise dry bulk trade, Ocean Services' U.S.-flag bulk carriers transport Agremax, coal, petroleum coke, finished fertilizer, phosphate rock and other bulk commodities within the U.S. Gulf of Mexico, U.S. East Coast ports and Puerto Rico. As of December 31, 2019, Ocean Services' fleet of owned vessels servicing this trade included the following vessels:

Name of Vessel	Year of Build	Tonnage in "dwt"⁽¹⁾
<i>Mississippi Enterprise</i>	1980	37,000
<i>Texas Enterprise</i>	1981	37,000

(1) Deadweight tons or "dwt."

Port & Infrastructure Services

Harbor tugs operate alongside oceangoing vessels to escort them to their berth, assist in docking and undocking, and escort them back out to sea. As of December 31, 2019, Ocean Services' U.S.-flag harbor tugs were operating in various ports including three in Port Canaveral, Florida, three in Port Everglades, Florida, one in the Port of Miami, Florida, four in Port Tampa, Florida, three in the Port of Mobile, Alabama, three in the Port of Lake Charles, Louisiana and seven in Port Arthur, Texas.

Offshore towing activities include the long haul towing of ocean barges, dead ships and other large floating equipment requiring auxiliary power.

Ocean Services also provides bunkering (fueling) services to ships operating in the Caribbean Sea, more specifically in St. Eustatius and vessels calling in the Bahamas. Bunkering activities typically include one tug and one ocean liquid tank barge mooring alongside a docked or anchored vessel and transferring fuel. Ocean Services leases out four foreign-flag harbor tugs and five U.S.-flag ocean liquid tank barges to a bunkering operator in St. Eustatius and operates four foreign-flag harbor tugs and one ocean liquid tank barge in Freeport, Grand Bahama supporting terminal and bunkering operations through its 50% noncontrolling interest in Kotug Seabulk Maritime LLC ("KSM").

Logistics Services

In the logistics services business, PCTCs, RORO barges, deck barges, small RORO and container vessels and specialized rail ferries provide unit freight and general cargo transportation services. These services include receiving and transporting full container loads and Less-Container-Load ("LCL") cargo for transporting in shipping containers, rail cars, out-of-gauge project cargoes, automobiles and U.S. military vehicles. PCTCs generally handle cargo moving to and from the United States and international destinations, including Europe, the Middle East and Western Pacific ports (including ports in Guam, Japan and South Korea). Short-sea container/RORO vessels are engaged in services to and from ports in the Southeastern United States, the Caribbean

(including Puerto Rico), the Bahamas and Mexico. RORO and deck barges are operated in the Puerto Rico liner trade through Ocean Services' 55% noncontrolling interest in Trailer Bridge, Inc. ("Trailer Bridge"). The rail ferries operate between Alabama and Mexico through Ocean Services' 50% noncontrolling interest in Golfo de Mexico Rail Ferry Holdings LLC ("Golfo de Mexico").

As of December 31, 2019, Ocean Services' fleet of owned and leased-in equipment servicing the logistics trade included the following vessels:

Name of Vessel	Year of Build	Capacity		Tonnage in "dwt" ⁽³⁾
		TEU ⁽¹⁾	CEU ⁽²⁾	
PCTCs:				
<i>Green Ridge</i> ⁽⁴⁾ - U.S.-flag	1998	n/a	6,000	21,523
<i>Green Lake</i> ⁽⁴⁾ - U.S.-flag	1998	n/a	5,980	22,799
<i>Green Cove</i> ⁽⁴⁾ - U.S.-flag	1999	n/a	5,980	22,747
<i>Green Bay</i> ⁽⁴⁾ - U.S.-flag	2007	n/a	6,400	18,090
Short-sea Container/RORO Vessels:				
<i>Bahamas Express</i> - Foreign-flag	2010	46	n/a	648
<i>Cape Express</i> - Foreign-flag	2008	46	n/a	648
<i>Caribbean Express I</i> - Foreign-flag	2000	46	n/a	648
<i>Emerald Express</i> - Foreign-flag	2001	46	n/a	648
<i>Florida Express</i> - Foreign-flag	1998	46	n/a	1,740
<i>Grand Express</i> - Foreign-flag	2011	144	n/a	2,244
<i>Sea Express II</i> - Foreign-flag	2006	46	n/a	648
<i>Pelagic Express</i> - Foreign-flag	2008	128	n/a	2,778

(1) Twenty-foot equivalent unit is a measure of volume in units of twenty-foot long containers.

(2) Car equivalent unit is a measure of the cargo carrying capacity of a Pure Car/Truck Carrier.

(3) Deadweight tons or "dwt."

(4) Leased-in vessel.

Managed Services

Ocean Services provides crew and technical ship management services to third party ship owners and certain of its 50% or less owned companies. As of December 31, 2019, Ocean Services provided management services for ten vessels including one U.S.-flag petroleum carrier, two U.S.-flag heavy lift vessels, two foreign-flag rail ferries, four foreign-flag harbor tugs and one foreign-flag ocean liquid tank barge.

Customers and Contractual Arrangements

Bulk Transportation Services. The primary customers for petroleum and chemical transportation services are multinational oil companies, refining companies, major gasoline retailers, oil trading companies and large industrial consumers or producers of crude, petroleum and chemicals. Services are generally contracted on the basis of short-term or long-term time charters, bareboat charters, voyage charters and contracts of affreightment or other transportation agreements tailored to the shipper's requirements. The primary customers for dry bulk transportation services are regional power utilities requiring waterborne coal, petroleum coke and residual ash transportation and large fertilizer producers moving Florida sourced products into the lower Mississippi River. Dry bulk services are generally contracted under multi-year contracts of affreightment and voyage charters.

Port & Infrastructure Services. The primary customers for port and infrastructure services are vessel owners and charterers, which are typically industrial companies, trading houses and shipping companies and commercial shipping pools. Services are contracted using prevailing port tariff terms on a per-use basis or on the basis of short-term or long-term time charters or bareboat charters.

Logistics Services. The primary customers for PCTC logistics services are major, integrated automobile shippers and in certain circumstances automobile manufacturers or auto dealerships directly, and the U.S. Government. Services to these customers are generally contracted on the basis of short-term or long-term time charter or on a liner basis. Services for the U.S. Government are generally contracted on a voyage charter or liner basis in accordance with a master services agreement. The primary customers for unit freight logistics services are individuals and businesses shipping consumer, industrial and energy goods and personal parcels between ports in the Southeastern United States, the Caribbean (including Puerto Rico), the Bahamas and Mexico. Unit freight services are generally contracted on a per unit basis for the specified cargo and destination.

Managed Services. Ocean Services provides crew and technical ship management services to third-party ship owners and certain of its 50% or less owned companies.

In 2019, one customer of Ocean Services (U.S. Federal Government) accounted for 10% of the Company's consolidated operating revenues. The ten largest customers of Ocean Services accounted for approximately 61% of its operating revenues in 2019. The loss of one or more of these customers could have a material adverse effect on Ocean Services' results of operations.

Under a time charter, Ocean Services provides a vessel to a customer and is responsible for all operating expenses, typically excluding fuel and port charges. Under a bareboat charter, Ocean Services provides a vessel to a customer and the customer assumes responsibility for all operating expenses and risks of operation. Vessel charters may range from several days to several years. Contracts of affreightment are contracts for cargoes that are committed on a multi-voyage basis for various periods of time, with minimum and maximum cargo tonnages specified over the period at a fixed or variable rate per ton. Voyage charters are contracts to carry cargoes on a single voyage basis regardless of time to complete. Tariff and unit freight are typically contracted in accordance with a publicly available or contracted tariff rate or based on a negotiated rate when moving larger volumes over an extended period.

Competitive Conditions

Each of the markets in which Ocean Services operates is highly competitive, including the U.S. "Jones Act" coastwise market, even though participation in the "Jones Act" market is not open to foreign-based competition. The most important competitive factors are pricing, vessel age, vessel type and vessel availability to fit customer requirements and delivery schedules.

Bulk Transportation Services. The primary direct competitors for Jones Act petroleum and chemical transportation services are other operators of Jones Act petroleum and chemical carriers, operators of refined product and crude pipelines, railroads and foreign-flag vessels delivering foreign sourced petroleum and chemicals to U.S. ports. The primary direct competitors for Jones Act dry bulk transportation services are other operators of Jones Act bulk carriers, foreign-flag vessels delivering foreign sourced dry bulk goods to U.S. ports and U.S. railroad operators.

Port & Infrastructure Services. The primary direct competitors for port and infrastructure services are other operators of Jones Act U.S.-flagged harbor tugs and operators of foreign-flagged harbor and ocean tugs and bunkering barges.

Logistics Services. The primary direct competitors for PCTC logistics services are other operators of PCTCs, U.S.-flag cargo vessels eligible for the MSP subsidy and other vessels controlled by the U.S. government via the Military Sealift Command including the ready reserve fleet. The primary direct competitors for unit freight logistics are other operators of cargo vessels trading between ports in the Southeastern United States, the Caribbean (including Puerto Rico), the Bahamas and Mexico. The rail ferries primarily compete with railroad operators offering overland connections between Central and Southeastern Mexico and the United States.

Managed Services. The primary direct competitors of managed services are other Jones Act qualified ship management companies, ship owners and other ship operators.

Inland Transportation & Logistics Services

Business

Inland Transportation & Logistics Services (“Inland Services”) provides customer supply chain solutions with its domestic river transportation equipment, fleet services and high-speed multi-modal terminal locations adjacent to and along the U.S. Inland Waterways, primarily in the St. Louis, Memphis and Baton Rouge areas. Inland Services operates under the SCF name. SCF’s barges are primarily used for moving agricultural and industrial commodities and containers on the U.S. Inland Waterways, including the Mississippi River, Illinois River, Tennessee River, Ohio River and their tributaries and the Gulf Intracoastal Waterways. Internationally, Inland Services owns inland river liquid tank barges that operate on the Magdalena River in Colombia. These barges primarily transport petroleum products with the ability to move agricultural and industrial commodities and containers. Inland Services also has a 50% noncontrolling interest in dry-cargo barge operations on the Parana-Paraguay Waterway in Brazil, Bolivia, Paraguay, Argentina and Uruguay primarily transporting agricultural and industrial commodities, a 63% noncontrolling interest in towboat operations on the U.S. Inland Waterways and a 50% noncontrolling interest in grain terminals/elevators in the Midwest and/or along the U.S. Inland Waterways. Inland Services contributed 33%, 34% and 38% of the Company’s consolidated operating revenues during the years ended December 31, 2019, 2018 and 2017, respectively.

For a discussion of risk and economic factors that may impact Inland Services’ financial position and its results of operations, see “Item 1A. Risk Factors” and “Inland Transportation & Logistics Services” in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Equipment and Services

The following tables set forth the barges, towboats and harbor boats that comprise Inland Services’ fleet as of December 31 for the indicated years. “Owned” are majority owned and controlled by Inland Services. “Leased-in” may either be equipment contracted from leasing companies to which Inland Services may have sold such equipment or equipment chartered-in from others. “Joint Ventured” are owned by entities in which Inland Services does not have a controlling interest. “Pooled” are barges owned by and managed for third parties with operating revenues and voyage expenses pooled with barges of a similar age and type which are owned by Inland Services. Pool revenues and expenses are allocated to participants based upon the number of days their barges participate in the pool. For “Pooled” barges, each barge owner is responsible for the costs of insurance, maintenance and repair as well as for capital and financing costs of its own equipment in the pool and pays a daily management fee to Inland Services for their participation in the pool.

	Owned	Leased-in	Joint Ventured	Pooled	Total	Owned Fleet Average Age
2019						
Bulk Transportation Services:						
Dry-cargo barges	591	50	258	473	1,372	11
Liquid tank barges	20	—	—	—	20	16
Specialty barges	5	—	—	—	5	38
Towboats:						
4,000 hp - 6,600 hp	4	4	11	—	19	3
3,300 hp - 3,900 hp	1	—	2	—	3	4
Less than 3,300 hp ⁽¹⁾	2	—	—	—	2	57
Port & Infrastructure Services:						
Harbor boats:						
1,100 hp - 2,000 hp ⁽¹⁾	12	6	—	—	18	39
Less than 1,100 hp ⁽¹⁾	6	—	—	—	6	45
Logistics Services:						
Dry-cargo barges	20	—	—	15	35	16
Towboats:						
Less than 3,300 hp	1	—	—	—	1	6
	<u>662</u>	<u>60</u>	<u>271</u>	<u>488</u>	<u>1,481</u>	
2018						
Bulk Transportation Services:						
Dry-cargo barges	585	48	258	481	1,372	10
Liquid tank barges	20	—	—	—	20	15
Specialty barges	5	—	—	—	5	37
Towboats:						
4,000 hp - 6,600 hp	3	4	11	—	18	2
3,300 hp - 3,900 hp	1	—	2	—	3	3
Less than 3,300 hp ⁽¹⁾	2	—	—	—	2	56
Port & Infrastructure Services:						
Harbor boats:						
1,100 hp - 2,000 hp ⁽¹⁾	12	6	—	—	18	38
Less than 1,100 hp ⁽¹⁾	6	—	—	—	6	44
Logistics Services:						
Dry-cargo barges	26	2	—	7	35	14
	<u>660</u>	<u>60</u>	<u>271</u>	<u>488</u>	<u>1,479</u>	
2017						
Bulk Transportation Services:						
Dry-cargo barges	618	48	258	489	1,413	9
Liquid tank barges	20	—	—	—	20	14
Specialty barges	7	—	—	—	7	38
Towboats:						
4,000 hp - 6,600 hp	3	4	11	—	18	1
3,300 hp - 3,900 hp	1	—	2	—	3	2
Less than 3,300 hp ⁽¹⁾	2	—	—	—	2	55
Port & Infrastructure Services:						
Harbor boats:						
1,100 hp - 2,000 hp ⁽¹⁾	11	6	—	—	17	37
Less than 1,100 hp ⁽¹⁾	7	—	—	—	7	43
Logistics Services:						
Dry-cargo barges	23	2	—	1	26	14
	<u>692</u>	<u>60</u>	<u>271</u>	<u>490</u>	<u>1,513</u>	

(1) Towboats and harbor boats have been upgraded and maintained to meet or exceed current industry standards.

Bulk Transportation Services

Inland river barges are unmanned and are moved by towboats. The combination of a towboat and barges is commonly referred to as a “tow.”

Inland Services’ dry-cargo barge fleet consists of hopper barges, which are (i) covered for the transport of products such as grain and grain by-products, fertilizer, steel and frac sand or (ii) “open tops” primarily used for the transport of commodities that are not sensitive to water such as coal, aggregate scrap and containers. Each dry-cargo barge in the Inland Services’ fleet is capable of transporting approximately 1,500 to 2,200 tons (1,350 to 2,000 metric tons) of cargo depending on water depth (draft), river conditions and hull depth of the barge. Adverse river conditions, such as high water resulting from excessive rainfall or low water caused by drought, can impact operations by limiting the speed at which tows travel, the number of barges included in tows and the quantity of cargo that is loaded in the barges.

A typical dry-cargo grain voyage begins by shifting a clean, empty barge from a fleeting location to a loading facility. The barge is then moved from the loading location and assembled into a tow before proceeding to its discharge destination. After unloading, it is shifted to a fleeting area for cleaning, and service if needed, and then placed again in a tow to move to a load facility. In some instances after discharge of grain, barges pick up cargo and move it north to the grain originating areas of the river system instead of moving empty.

Inland Services’ fleet of inland river liquid tank barges transports primarily petroleum products on long-term voyage affreightment contracts on the Magdalena River in Colombia.

Inland Services’ 50% or less owned companies that provide bulk transportation services include SCF Bunge Marine LLC, which operates towboats on the U.S. Inland Waterways; and SCFCo Holdings LLC (“SCFCo”), which transports various agricultural and industrial commodities on the Parana-Paraguay Waterway in Brazil, Bolivia, Paraguay, Argentina and Uruguay.

Port & Infrastructure Services

Terminals. Inland Services owns and operates high speed multi-modal terminal facilities located along the Mississippi River in the St. Louis harbor providing loading and unloading, transshipment, warehousing and drayage services. These terminals handle grain, grain by-products, fertilizer, steel, ethanol and other products for a multitude of customers. In addition, Inland Services owns a 50% noncontrolling interest in grain terminals/elevators in the Midwest and/or along the U.S. Inland Waterways.

In general, Inland Services operates these terminals by first unloading product that arrives by railcar or truck. The product is then loaded onto dry-cargo barges along with similar products. This process may also operate in reverse, with Inland Services unloading dry-cargo barges into trucks or railcars. A typical 15 dry-cargo barge tow, assuming no loading restrictions as a result of river conditions, can hold the equivalent of approximately 1,050 trucks or 216 railcars. A tow may consist of 15-40 barges and can take from several hours to several days to load and assemble.

Fleeting. Inland Services owns and/or operates a series of fleeting locations and harbor boats from Davenport, Iowa through Memphis, Tennessee. Inland Services’ fleeting services include fleeting barges, port services, minor repairs, barge cleaning and line haul boat assists.

Fleeting locations are locations where barges may be parked prior to being loaded, unloaded, cleaned, repaired or stored until needed for future use. Typically, fleeting locations are in close proximity to terminals. Fleeting services generally include disassembling a tow by moving dry-cargo barges into the fleet, moving barges from the fleet to a terminal for loading or unloading, cleaning and repairing barges, if needed, and then reassembling the barges into a tow for future operations.

Logistics Services

SEACOR America’s Marine Highway (“AMH”). Inland Services uses dry-cargo barges to move containers on the Mississippi River from Memphis, Tennessee to New Orleans, Louisiana. On this route, AMH transports empty containers in dry-cargo barges from Memphis to Baton Rouge, Louisiana. The containers are then trucked (drayed) to customers in Baton Rouge for loading. Loaded containers are then transported in dry-cargo barges from Baton Rouge to New Orleans, primarily for export. AMH also provides drayage services in Freeport, Texas for resin customers. Logistics services also provides local intermodal and maintenance services to its customers.

Managed Services

Inland Services provides management services related to barge and towboat operations.

Markets

Inland Services operates equipment in three principal geographic regions. The table below sets forth equipment by geographic market as of December 31 for the indicated years. Inland Services sometimes participates in investments, at equity and 50% or less owned company arrangements in certain geographic locations in order to enhance marketing capabilities and facilitate operations in foreign markets allowing for the expansion of its operations while diversifying risks and reducing capital outlays associated with such expansion.

	2019	2018	2017
U.S. Inland Waterways			
Bulk Transportation Services:			
Dry-cargo barges	1,114	1,114	1,155
Specialty barges	5	5	7
Towboats ⁽¹⁾ :			
4,000 hp – 6,600 hp	8	7	7
Port & Infrastructure Services:			
Harbor boats:			
1,100 hp - 2,000 hp ⁽¹⁾	18	18	17
Less than 1,100 hp ⁽¹⁾	6	6	7
Logistics Services:			
Dry-cargo barges	35	35	26
Towboats:			
Less than 3,300 hp	1	—	—
	1,187	1,185	1,219
Magdalena River			
Bulk Transportation Services:			
Liquid tank barges	20	20	20
Towboats:			
3,300 hp - 3,900 hp	1	1	1
Less than 3,300 hp ⁽¹⁾	2	2	2
	23	23	23
Parana-Paraguay Waterway			
Bulk Transportation Services:			
Dry-cargo barges	258	258	258
Towboats:			
4,000 hp – 6,600 hp	11	11	11
3,300 hp - 3,900 hp	2	2	2
	271	271	271
	1,481	1,479	1,513

(1) Towboats and harbor boats have been upgraded and maintained to meet or exceed current industry standards.

U.S. Inland Waterways. Inland Services transports various commodities on the U.S. Inland Waterways in dry-cargo barges, primarily grain and grain by-products, fertilizer, steel products, containers and other dry bulk commodities. Grain cargoes primarily move south and originate in the major grain producing areas of the U.S. Industrial cargoes such as steel products including steel coils, fertilizer and general cargo typically move north. Generally, Inland Services attempts to coordinate the logistical match-up of northbound and southbound movements of cargo to minimize repositioning costs and optimize barge usage. In addition to its barge and towboat activities, Inland Services owns and operates high-speed multi-modal terminal facilities for both dry and liquid commodities and barge fleetling locations in various areas of the Inland Waterway System.

Magdalena River. Inland Services primarily transports petroleum products outbound from central Colombia to the Caribbean Sea for export or distribution.

Parana-Paraguay Waterway. Inland Services, through its 50% noncontrolling interest in SCFCo, transports various commodities on the Parana-Paraguay Waterway in dry-cargo barges, primarily grains, iron ore, and other bulk commodities. In addition to its primary barge and towboat business, SCFCo controls a transshipment terminal at the Port of Ibicuy, Argentina.

Seasonality

The volume of grain transported from the major grain producing areas of the U.S. for export through the U.S. Gulf of Mexico is greatest during the period from mid-August through March. This period is particularly significant to Inland Services because pricing for hauling freight tends to peak during these months in response to higher demand for transportation services. The severity of winter weather can also impact operations and contribute to volatility in revenues and expenses. Harsh winters typically force the upper Mississippi River to close and restrict barge traffic from mid-December to mid-March. Ice can also hinder the navigation of barge traffic on the mid-Mississippi River, the Illinois River, and the upper reaches of the Ohio River. Significant closures could negatively affect Inland Services' utilization, and therefore its results of operations.

The Magdalena River basin has two rainy and two dry seasons annually. The lowest river levels occur from mid-December to mid-February and can cause difficult navigational conditions within the mid and upper river regions, potentially reducing the utilization of Inland Services' barges in this region during that period.

On the Parana-Paraguay Waterway, water levels are typically lower during December and January and can make navigation difficult on the northern portion of the river. During this time period, barge traffic is primarily focused on transporting grains from Paraguay to Argentina.

Customers and Contractual Arrangements

Bulk Transportation Services. The primary customers for bulk transportation services are major grain exporters, farm cooperatives, importers and distributors of industrial materials, fertilizer companies, trading companies, oil companies and industrial companies. Inland Services' pooled dry-cargo barges are typically employed on a voyage basis at agreed rates for tons moved and with users having specified days for loading and discharging the cargo. In the trade, this is referred to as a contract of affreightment. If the user exceeds the specified number of days for loading and discharging the barges, the user pays demurrage (revenue to compensate for using the assets longer than allowed by contract). For longer term contracts of affreightment, base rates may be adjusted in response to changes in fuel prices and other operating expenses. Some term contracts provide for the transport of a minimum number of tons of cargo or specific transportation requirements for a particular customer. Inland Services may also lease out barges ("bareboat charter") to competitors or cargo owners with all expenses being the responsibility of the lessee. Such leases are typically at a fixed rate per day and the duration may vary from short periods necessary for the lessee to perform a single voyage to multi-year charters. Inland Services' inland river liquid tank barges and specialty barges are operated under term contracts ranging from one to five years.

Port & Infrastructure Services. The primary customers for port and infrastructure services are similar to those of bulk transportation services. Inland Services' multi-modal terminals are marketed under contractual rates and terms driven by throughput volume. Inland Services' fleet operations charge a day rate for holding barges in fleet areas. Harbor boats pick up and drop off barges and assist in assembling tows that are moving up and down the river on line haul towboats. The service is provided for an agreed upon hourly charge. The harbor boats also perform shifting services, which include moving barges to and from the dock for loading and unloading. Typically, shifting is priced based on a fee per move. Inland Services' fleet operations also include cleaning, minor repairs to barges and line haul boat assists. Inland Services' machine shop and shipyard repairs and upgrades towboats, repairs barges and other equipment and provides fabrication and dock repairs, which are charged either on an hourly basis or a fixed fee basis depending on the scope and nature of work.

Logistics Services. The primary customers for logistics services are shippers of raw materials, bulk and finished products. Over-the-road shipping costs, pollution and congestion of roadways are reduced by consolidating multiple containers onto a single barge for shipment. Inland Services also provides local drayage services. Inland Services' logistics services are primarily marketed under contracted rates.

Managed Services. The primary customers for managed services are typically third-party asset owners.

In 2019, no single customer of Inland Services accounted for 10% or more of the Company's consolidated operating revenues. The ten largest customers of Inland Services accounted for approximately 61% of its operating revenues in 2019. The loss of one or more of its customers could have a material adverse effect on Inland Services' results of operations.

Competitive Conditions

Bulk Transportation Services. The primary competitors for Inland Services' bulk transportation services are other barge lines. Inland Services believes that 77% of the domestic dry-cargo hopper barge fleet is controlled by five companies. Railroads also compete for traffic that might otherwise move on the U.S. Inland Waterways.

Barriers to entry include complexity of operations, the difficulty of accumulating a sufficiently large asset base to cycle equipment efficiently, the challenge of hiring qualified personnel to oversee the complex logistics of exchanging equipment between fleets and long haul tows and executing timely placement for loading and discharging. In addition to these factors, Inland Services also benefits from long-term arrangements with key customers and SCF's reputation for service.

Inland Services believes the primary barriers to effective competitive entry into the Magdalena River and Parana-Paraguay Waterway markets are similar to those in the U.S. In addition, there are local flag requirements for equipment and local content requirements for operation. The primary competitive factors among established operators are price, availability, reliability and suitability of equipment for the various cargoes moved.

Port & Infrastructure Services. The primary competitors for port and infrastructure services are other terminal and fleet operators. Location and access to inland waterways, rail and roads are Inland Services' primary competitive advantages over other service providers.

Logistics Services. The primary competitors for logistics services are trucking companies and other logistics companies that transport shipping containers and provide drayage services. Location of facilities, road access and the proximity to the inland waterways are Inland Services' primary competitive advantages over other logistics providers.

Managed Services. The primary competitors for managed services are other third-party asset managers.

Witt O'Brien's

Business, Services and Markets

Witt O'Brien's, LLC ("Witt O'Brien's") provides crisis and emergency management services for both the public and private sectors. These services strengthen clients' resilience and assist their response to natural and man-made disasters in four core areas:

- Preparedness: planning, training, exercises and compliance services that enhance government and corporate disaster readiness.
- Response: on-site emergency management services that strengthen clients' ability to manage a disaster, such as an oil spill, vessel incident or hurricane impact.
- Recovery: assisting qualifying clients to plan for, obtain and administer federal disaster recovery funds following major disasters.
- Mitigation: helping clients reduce the impact of future disasters on operations and communities and helping them rebuild stronger after disasters occur.

Witt O'Brien's contributed 13%, 16% and 8% of the Company's consolidated operating revenues during the years ended December 31, 2019, 2018 and 2017, respectively.

Witt O'Brien's serves markets representing key areas of critical national infrastructure, including government, energy, transportation, healthcare and education, in the United States and abroad.

Customers and Contractual Arrangements

Witt O'Brien's primary client sectors are government, shipping, energy, manufacturing, technology and education. Services are generally contracted on a project basis, under retainer agreements or through "stand-by" arrangements, whereby Witt O'Brien's is pre-contracted to support a client if a given set of circumstances arises. Services are generally billed on a time-and-materials basis or through retainer arrangements.

In 2019, no single customer of Witt O'Brien's accounted for 10% or more of the Company's consolidated operating revenues. The ten largest customers of Witt O'Brien's accounted for approximately 82% of its operating revenues in 2019. The loss of one or more of its customers could have a material adverse effect on Witt O'Brien's results of operations.

Competitive Conditions

Each of the services that Witt O'Brien's provides is offered by others with similar expertise and a roster of personnel with similar experience. Competitors primarily include large management consultant firms, engineering firms and smaller specialty consultant groups. The most important factors in obtaining work are technical credentials of personnel, availability, historical performance and pricing. As a result, there is significant competition for the opportunity of project-related services, activations or selections as the retained provider of services.

Other

The Company has other activities that primarily include:

Cleancor. CLEANCOR Energy Solutions LLC ("Cleancor") designs, develops and maintains alternative energy and power solutions for end users looking to displace legacy petroleum-based fuels and adopt energy supplies that have a favorable environmental footprint. Cleancor provides liquefied natural gas ("LNG") and compressed natural gas ("CNG") fuel supply and logistics to commercial, industrial, agricultural and transportation customers and provides natural gas during pipeline supply interruptions due to planned maintenance or other curtailments.

Noncontrolling investments in various other businesses. These investments primarily include sales, storage, and maintenance support for general aviation in Asia and an agricultural commodity trading and logistics business that is primarily focused on the global origination, and trading and merchandising of sugar and other commodities, pairing producers and buyers and arranging for the transportation and logistics of the product.

Government Regulation

The Company's ownership, operation, construction and staffing of vessels is subject to significant regulation under various international, federal, state and local laws and regulations, including international conventions and ship registry laws of the nations under which the Company's vessels are flagged.

Regulatory Matters

Domestically registered vessels are subject to extensive governmental regulation and oversight, including by the United States Coast Guard ("USCG"), the Occupational Safety and Health Administration ("OSHA"), the National Transportation Safety Board ("NTSB"), the U.S. Customs and Border Protection ("CBP"), the U.S. Environmental Protection Agency ("EPA") and the U.S. Maritime Administration, as well as in certain instances, applicable state and local laws. These agencies establish safety requirements and standards and are authorized to investigate vessels and accidents and to recommend improved maritime safety standards.

Ocean Services and Inland Services are subject to regulation under the Jones Act and related U.S. cabotage laws, which restrict ownership and operation of vessels in the U.S. coastwise trade (i.e., trade between points in the United States), including the transportation of cargo. Subject to limited exceptions, the Jones Act requires that vessels engaged in U.S. coastwise trade be built in the United States, registered under the U.S.-flag, manned by predominantly U.S. crews, and owned and operated by U.S. citizens within the meaning of the Jones Act. Violation of the Jones Act could prohibit operation of vessels in the U.S. coastwise trade during the period of such non-compliance, result in material fines and subject the Company's vessels to seizure and forfeiture. For information on certain stock ownership limitations designed to facilitate our compliance with the Jones Act, see "Risk Factors" in Item 1A of this report.

Ocean Services and Inland Services operate vessels that are registered both in the United States and in a number of foreign jurisdictions. Vessels may be subject to the laws of the applicable jurisdiction as to ownership, registration, manning, environmental protection and safety. In addition, the Company's 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 International Convention for the Prevention of Pollution from Ships, 1973, as modified by the Protocol of 1978 relating thereto ("MARPOL"); (ii) the International Convention for the Safety of Life at Sea, 1974 and 1978 Protocols ("SOLAS"); and (iii) the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers ("STCW").

The Maritime Labour Convention, 2006 (the "MLC") establishes comprehensive minimum requirements for working conditions of seafarers including, among other things, conditions of employment, hours of work and rest, grievance and complaints procedures, accommodations, recreational facilities, food and catering, health protection, medical care, welfare, and social security protection. The MLC defines the term "seafarer" to include all persons engaged in work on a vessel in addition to the vessel's crew. As a result, the Company may be responsible for proving that customer and contractor personnel aboard its vessels have contracts of employment that comply with the MLC requirements. The Company could also be responsible for salaries and/or benefits of third parties that may board one of the Company's vessels. The MLC requires certain vessels that engage in international trade to maintain a valid Maritime Labour Certificate issued by their flag administration. Although the United States is not a party to the MLC, U.S.-flag vessels operating internationally must comply with the MLC when calling on a port in a country that is a party to the MLC. The Company has developed and implemented a fleetwide action plan to comply with the MLC to the extent applicable to its vessels.

The hull and machinery of every commercial vessel must be classed by an international classification society authorized by its country of registry, as well as being subject to survey and inspection by shipping regulatory bodies. The international classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel and SOLAS. All of Ocean Services' vessels are subject to the periodic inspection, survey, dry-docking and maintenance requirements of the USCG and/or the American Bureau of Shipping ("ABS") and other marine classification societies.

Under the Merchant Marine Act of 1936, the Company's U.S.-flagged vessels are subject to requisitioning by the U.S. Government under certain terms and conditions during a national emergency, as described further under "Item 1A. Risk Factors" of this Annual Report on Form 10-K.

The Maritime Security Act of 1996 created the Maritime Security Program (the "MSP") and authorized annual payments, subject to annual Congressional appropriations, for privately-owned and militarily useful U.S.-flag vessel in exchange for commitments from the vessel owners to move U.S. military cargoes in the time of war or national emergency. Congress amended the MSP to increase the number of U.S.-flag vessels eligible to participate from 47 to 60 vessels and to incrementally increase the level of authorized payments under the program. In December of 2019, Congress extended the MSP through fiscal year 2035 and increased the authorized level of MSP payments in specific increments from the current annual rate of \$5.0 million per vessel, to

\$5.2 million per vessel beginning in fiscal year 2021 and to higher amounts in later years. The Company currently has six vessels enrolled in the MSP. These vessels are under contract with the U.S. government through fiscal year 2025 and the Company anticipates that all six of these contracts will be extended in the near future through fiscal year 2035. MSP payments are subject to annual appropriations by Congress. In the event that Congress does not fully fund the MSP, the Maritime Security Act permits MSP participants, including the Company, to re-flag their vessels under foreign registry under an expedited procedure.

The Company is required by various governmental and quasi-governmental agencies to obtain permits, licenses and certificates with respect to its vessels. The Company's failure to maintain or comply with these authorizations could adversely impact its operations.

In addition to the USCG, the EPA, the U.S. Department of Transportation's Office of Pipeline Safety, the Bureau of Ocean Energy Management, the Bureau of Safety and Environmental Enforcement, and certain individual states regulate vessels (and other structures) in accordance with the requirements of the Oil Pollution Act of 1990 ("OPA 90") or under analogous state law. There is currently little uniformity among the regulations issued by these agencies and states, which increases the Company's compliance costs and risk of non-compliance.

Although the Company faces risk when managing responses to third-party oil spills, a responder engaged in emergency and crisis activities has immunity from liability under federal law and all U.S. coastal state laws for any spills arising from its response efforts, except in the event of death or personal injury or as a result of its gross negligence or willful misconduct. The Company may also have derivative immunity when working under the orders of authorized federal officials.

Environmental Compliance

The Company is subject to federal, state, local and international environmental and safety laws, regulations and conventions, including those related to the discharge of oil and pollutants into waters regulated thereunder. Violations of these laws may result in civil and criminal penalties, fines, injunctions or other sanctions.

The Company does not expect that it will be required to make capital expenditures in the near future that would be material to its financial position or operations to comply with environmental laws and regulations; however, because such laws and regulations frequently change and may impose increasingly strict requirements, the Company cannot predict the ultimate cost of complying with these laws and regulations.

OPA 90 establishes a regulatory and liability regime for the protection of the environment from oil spills. OPA 90 applies to owners and operators of facilities operating near navigable waters of the United States and owners, operators and bareboat charterers of vessels operating in U.S. waters, which include the navigable waters of the United States and the 200-mile Exclusive Economic Zone ("EEZ") around the United States. For purposes of its liability limits and financial responsibility, and response planning requirements, OPA 90 differentiates between tank vessels (such as the Company's petroleum and chemical carriers and liquid tank barges) and "other vessels" (such as the Company's tugs and dry-cargo barges).

Under OPA 90, owners and operators of regulated facilities and owners and operators or bareboat charterers of vessels are "responsible parties" and may be jointly, severally and strictly liable for removal costs and damages arising from facility and vessel oil spills or threatened spills up to certain limits of liability as discussed further below. Damages are defined broadly to include: (i) injury to natural resources and the costs of remediation thereof; (ii) injury to, or economic losses resulting from the destruction of, real and personal property; (iii) net loss by various governmental bodies of taxes, royalties, rents, fees and profits; (iv) lost profits or impairment of earning capacity due to property or natural resources damage; (v) net costs of providing increased or additional public services necessitated by a spill response, such as protection from fire or other hazards or taking additional safety precautions; and (vi) loss of subsistence use of available natural resources.

OPA 90 limits liability for responsible parties for nontank vessels to the greater of \$1,100 per gross ton or \$939,800 and for tank vessels to the greater of \$3,500 per gross ton or \$25,845,600. These liability limits do not apply (a) if an incident is caused by the responsible party's violation of federal safety, construction or operating regulations or by the responsible party's gross negligence or willful misconduct, (b) if the responsible party fails to report the incident or to provide reasonable cooperation and assistance in connection with oil removal activities as required by a responsible official or (c) if the responsible party fails to comply with an order issued under OPA 90.

The OPA 90 regulations also implement the financial responsibility requirements of the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), which imposes liability for discharges of hazardous substances, similar to OPA 90, and provides compensation for cleanup, removal and natural resource damages. Liability per vessel under CERCLA is limited to the greater of \$300 per gross ton or \$5.0 million, unless the incident is caused by gross negligence, willful misconduct, or a violation of certain regulations, in which case liability is unlimited.

Under the Nontank Vessel Response Plan Final Rule, owners and operators of nontank vessels are required to prepare Nontank Vessel Response Plans. The Company expects its pollution liability insurance to cover spill removal costs, subject to coverage deductibles and limitations, including a cap of \$1.0 billion. The Company's business, financial position, results of operations or cash flows could be materially adversely affected if it incurs spill liability under circumstances in which the insurance carrier fails or refuses to provide coverage or the loss exceeds the Company's coverage limitations.

MARPOL is the main international convention covering prevention of pollution of the marine environment by vessels from operational or accidental discharges. It is implemented in the United States pursuant to the Act to Prevent Pollution from Ships.

Since the 1990s, the Department of Justice ("DOJ") has been aggressively enforcing U.S. criminal laws against vessel owners, operators, managers, crewmembers, shoreside personnel and corporate officers related to violations of MARPOL. Violations have frequently related to pollution prevention devices, such as the oily-water separator, and include falsifying records, obstructing justice, and making false statements. In certain cases, responsible shipboard officers and shoreside officials have been sentenced to prison. In addition, the DOJ has required most defendants to implement a comprehensive environmental compliance plan ("ECP") or risk losing the ability to trade in U.S. waters. If the Company is subjected to a DOJ prosecution, it could suffer significant adverse effects, including substantial criminal penalties and defense costs, reputational damages and costs associated with the implementation of an ECP.

The Clean Water Act ("CWA") prohibits the discharge of "pollutants" into the navigable waters of the United States. The CWA also prohibits the discharge of oil or hazardous substances into navigable waters of the United States and the EEZ around the United States and imposes civil and criminal penalties for unauthorized discharges, thereby creating exposures in addition to those arising under OPA 90 and CERCLA.

The CWA also established the National Pollutant Discharge Elimination System ("NPDES") permitting program, which governs discharges of pollutants into navigable waters of the United States. Pursuant to the NPDES program, the EPA has issued Vessel General Permits covering discharges incidental to normal vessel operations. The EPA issued the 2013 Vessel General Permit ("2013 VGP") in early 2013 with an effective five-year period of December 19, 2013 to December 18, 2018. In light of the recent legislation described below, the 2013 VGP continues to apply to U.S.-flag and foreign-flag commercial vessels that are at least 79 feet in length and operate within the three-mile territorial sea of the United States. The 2013 VGP requires vessel owners and operators to adhere to "best management practices" to manage the covered discharges that occur normally in the operation of a vessel, including ballast water, and implements various training, inspection, monitoring, recordkeeping, and reporting requirements, as well as corrective actions upon identification of deficiencies. The Company has filed a Notice of Intent to be covered by the 2013 VGP for each of the Company's ships that operate in U.S. waters.

In late 2018, the U.S. Congress passed the Vessel Incidental Discharge Act ("VIDA"), which establishes a new framework for the regulation of vessel incident discharges. VIDA requires the EPA to develop performance standards for those discharges within two years of enactment and requires the USCG to develop implementation, compliance, and enforcement regulations within two years of the EPA's promulgation of standards. VIDA extends the 2013 VGP's provisions, leaving them in effect until new regulations are final and enforceable. Non-military, non-recreational vessels greater than 79 feet in length must continue to comply with the requirements of the 2013 VGP, including submission of annual reports. The Company can provide no assurance when the new regulations and performance standards will be issued, nor can it predict what additional costs it may incur to comply with any such new regulations and performance standards.

Many countries have ratified and are thus subject to the liability scheme adopted by the International Maritime Organization ("IMO") and set out in the International Convention on Civil Liability for Oil Pollution Damage of 1969 (the "1969 Convention"). Some of these countries have also adopted the 1992 Protocol to the 1969 Convention (the "1992 Protocol"). Under both the 1969 Convention and the 1992 Protocol, a vessel's registered owner is strictly liable for pollution damage caused in the territorial waters of a contracting state by discharge of persistent oil from ships carrying oil in bulk as cargo, subject to certain complete defenses. These conventions also limit the liability of the shipowner under certain circumstances, provided the discharge was not caused by the shipowner's actual fault or intentional or reckless misconduct.

Vessels trading to countries that are parties to these conventions must provide evidence of insurance covering the liability of the owner. The Company believes that its Protection and Indemnity ("P&I") insurance will cover any liability under these conventions, subject to applicable policy deductibles, exclusions and limitations.

The United States is not a party to the 1969 Convention or the 1992 Protocol and, as a result, OPA 90, CERCLA, CWA and other federal and state laws apply in the United States as discussed above. In other jurisdictions where the 1969 Convention has not been adopted, various legislative and regulatory schemes or common law govern, and liability is imposed either on the basis of fault or in a manner similar to that convention.

The International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001 was adopted to ensure that adequate, prompt and effective compensation is available to persons who suffer damage caused by spills of oil when used as fuel by vessels. The convention applies to damage caused to the territory, including the territorial sea, and in the EEZs, of the countries that are party to it. Although the United States has not ratified this convention, U.S.-flag vessels operating internationally would be

subject to it if they sail within the territories of those countries that have implemented its provisions. The Company believes that its vessels comply with these requirements.

The National Invasive Species Act (“NISA”) was enacted in the United States in 1996 in response to growing reports of harmful organisms being released into United States waters through ballast water taken on by vessels in foreign ports. The USCG adopted regulations under NISA that impose mandatory ballast water management practices for all vessels equipped with ballast water tanks entering U.S. waters. All new vessels constructed on or after December 1, 2013, regardless of ballast water capacity, must comply with these requirements on delivery from the shipyard absent an extension from the USCG. Existing vessels with a ballast water capacity between 1,500 and 5,000 cubic meters must comply by their first scheduled dry-docking after January 1, 2014 or obtain a USCG extension. For non-exempt vessels, ballast water treatment equipment may be required to be utilized on the vessel. The Company believes that its vessels comply with these requirements.

Some U.S. states have enacted legislation or regulations to address invasive species through ballast water and hull cleaning management and permitting requirements, which in many cases have also become part of the state’s 2013 VGP certification. Other states may proceed with the enactment of similar requirements that could increase the Company’s costs of operating in state waters.

In addition, the IMO ratified the International Convention for the Control and Management of Ships’ Ballast Water Sediments on September 8, 2016, otherwise known as the Ballast Water Management Convention (the “BWM Convention”). The Company’s vessels that operate internationally will have to become compliant with international ballast water management regulations by their first renewal survey of the International Oil Pollution Prevention (“IOPP”) Certificate issued under MARPOL after September 8, 2017. Because the United States is not a party to the BWM Convention, those vessels may have to install an IMO approved ballast water management system (“BWMS”) or use one of the other management options under the BWM Convention. The Company believes that its vessels comply with these requirements.

The U.S. Endangered Species Act, related regulations and comparable state laws protect species threatened with possible extinction. Protection may include restrictions on the speed of vessels in certain ocean waters and may require the Company to change the routes of the Company’s vessels during particular periods. For example, in an effort to prevent the collision of vessels with the North Atlantic right whale, federal regulations restrict the speed of vessels to ten knots or less in certain areas along the Atlantic Coast of the United States during certain times of the year. The reduced speed and special routing along the Atlantic Coast may result in the use of additional fuel, which could affect the Company’s financial position, results of operations and cash flows.

The Clean Air Act (as amended, the “CAA”) requires the EPA to promulgate standards applicable to emissions of volatile organic compounds and other air contaminants. The CAA also requires states to submit State Implementation Plans (“SIPs”), which are designed to attain national health-based air quality standards throughout the United States, including major metropolitan and/or industrial areas. Several SIPs regulate emissions resulting from vessel loading and unloading operations by requiring the installation of vapor control equipment. The EPA and some states have each proposed more stringent regulations of air emissions from propulsion and auxiliary engines on oceangoing vessels.

MARPOL also addresses air emissions, including emissions of sulfur and nitrous oxide (“NOx”), from vessels, including a requirement to use low sulfur fuels worldwide in both auxiliary and main propulsion diesel engines on vessels. As of January 1, 2020, vessels worldwide are required to use fuel with a sulfur content no greater than 0.5%, which is a reduction from the prior sulphur limit of 3.5%. As a result of this reduction, fuel costs for vessel operators could rise dramatically beginning in 2020, which could adversely affect the Company’s profitability or its results of operations. MARPOL also imposes NOx emissions standards on installed marine diesel engines of over 130 kW output power other than those used solely for emergency purposes irrespective of the tonnage of the vessel into which such an engine is installed. The actual NOx limit is determined by a variety of factors, including the vessel’s construction date, the rated speed of the vessel’s engine, and the area in which the vessel is operating.

More stringent sulfur and NOx requirements apply in certain designated Emission Control Areas (“ECAs”). There are currently four ECAs worldwide: the Baltic Sea ECA, North Sea ECA, North American ECA and U.S. Caribbean ECA. As of January 1, 2015, vessels operating in an ECA must burn fuel with a sulfur content no greater than 0.1%. Further, marine diesel engines on vessels constructed on or after January 1, 2016 that are operated in an ECA must meet the stringent NOx standards described above.

The Company’s operations occasionally generate and require the transportation, treatment and disposal of both hazardous and non-hazardous solid wastes that are subject in the United States to the requirements of the Resource Conservation and Recovery Act (“RCRA”) or comparable state, local or foreign requirements. From time to time, the Company arranges for the disposal of hazardous waste or hazardous substances at offsite disposal facilities. The EPA has a longstanding policy that RCRA only applies after wastes are “purposely removed” from a vessel. As a general matter, with certain exceptions, vessel owners and operators are required to determine if their wastes are hazardous, obtain a generator identification number, comply with certain standards for the proper management of hazardous wastes, and use hazardous waste manifests for shipments to disposal facilities. Moreover, vessel owners and operators may be subject to more stringent state hazardous waste requirements. If such materials are improperly disposed of by third parties with which the Company contracts, the Company may still be held liable for cleanup costs under applicable laws.

MARPOL also governs the discharge of garbage from ships. MARPOL defines certain sea areas, such as the “Wider Caribbean region,” requiring a higher level of protection than other areas of the sea.

Applicable MARPOL regulations provide for strict garbage management procedures and documentation requirements for all vessels and fixed and floating platforms. These regulations impose a general prohibition on the discharge of all garbage unless the discharge is expressly provided for under the regulations. The regulations have greatly reduced the amount of garbage that vessels are allowed to dispose of at sea and have increased the Company’s costs of disposing garbage remaining on board vessels at their port calls.

Various international conventions and federal, state and local laws and regulations have been considered or implemented to address the environmental effects of emissions of greenhouse gases, such as carbon dioxide and methane. The U.S. Congress has considered, but not adopted, legislation designed to reduce emission of greenhouse gases. At United Nations climate change conferences over the past few decades, various countries have agreed to specific international accords or protocols to establish limitations on greenhouse gas emissions. In 2015, various countries adopted the Paris Agreement, which seeks to reduce greenhouse gas emissions in an effort to slow global warming. The United States signed the Paris Agreement in 2016, but has subsequently taken steps to withdraw from the agreement. The Paris Agreement does not specifically mention shipping.

The IMO has announced its intention to develop limits on greenhouse gases from international shipping and is working on proposed mandatory technical and operational measures to achieve these limits. The first step toward this goal occurred in October 2016, when the IMO adopted a system for collecting data on ships’ fuel-oil consumption, which will be mandatory and apply globally.

Member states of the European Union are required to take steps to ensure that ships operating in the Baltic, the North Sea and the English Channel are using fuels with a sulfur content of no more than 0.1%. In addition, the European Parliament and E.U. Council have adopted a series of regulations that establish a system for monitoring, reporting and verifying emissions from vessels of 5,000 or more gross tons calling at E.U. ports.

In the United States, pursuant to an April 2007 decision of the U.S. Supreme Court, the EPA was required to consider whether carbon dioxide should be considered a pollutant that endangers public health and welfare, and thus subject to regulation under the CAA. In October 2007, the California Attorney General and a coalition of environmental groups petitioned the EPA to regulate greenhouse gas emissions from oceangoing vessels under the CAA. On December 1, 2009, the EPA issued an “endangerment finding” regarding greenhouse gases under the CAA. To date, the regulations proposed and enacted by the EPA regarding carbon dioxide have not specifically involved oceangoing vessels. Under MARPOL, vessels operating in designated ECAs are required to meet fuel sulfur limits and NOx emission limits, including the use of engines that meet the EPA standards for NOx emissions as discussed above.

Any future adoption of climate control treaties, legislation or other regulatory measures by the United Nations, IMO, United States or other countries where the Company operates that restrict emissions of greenhouse gases could result in financial and operational impacts on the Company’s business (including potential capital expenditures to reduce such emissions) that the Company cannot predict with certainty at this time. In addition, there may be significant physical effects of climate change from such emissions that have the potential to negatively impact the Company’s customers, personnel, and physical assets any of which could adversely impact cargo levels, the demand for Company’s services or the Company’s ability to recruit personnel.

The Company seeks to manage exposure to losses from the above-described laws through its development of appropriate risk management programs, including compliance programs, safety management systems and insurance programs. Although the Company believes these programs mitigate its legal risk, there can be no assurance that any future regulations or requirements or any discharge or emission of pollutants by the Company will not have a material adverse effect on the Company’s business, financial position, results of operations or cash flows.

Security

In recent years, the USCG, the IMO, states and local ports have adopted heightened security procedures relating to ports and vessels.

Specifically, on November 25, 2002, the U.S. Maritime Transportation Security Act of 2002 (“MTSA”) was signed into law. To implement certain portions of MTSA, in July 2003, the USCG issued regulations requiring the implementation of certain security requirements aboard vessels operating in waters subject to the jurisdiction of the United States. Similarly, in December 2002, the IMO adopted amendments to SOLAS, known as the International Ship and Port Facility Security Code (the “ISPS Code”), creating a new chapter dealing specifically with maritime security. The chapter imposes various detailed security obligations on vessels and port authorities. Among the various requirements under MTSA and/or the ISPS Code are:

- onboard installation of automatic information systems to enhance vessel-to-vessel and vessel-to-shore communications;
- onboard installation of ship security alert systems;

- the development of vessel and facility security plans;
- the implementation of a Transportation Worker Identification Credential program; and
- compliance with flag state security certification requirements.

The USCG regulations, which are intended to align with international maritime security standards, generally deem foreign-flag vessels to be in compliance with MTSA vessel security measures provided such vessels have onboard a valid International Ship Security Certificate that attests to the vessel's compliance with SOLAS security requirements and the ISPS Code. However, U.S.-flag vessels that are engaged in international trade must comply with all of the security measures required by MTSA, as well as SOLAS and the ISPS Code.

In response to these new security programs and applicable regulations, the Company has implemented security plans and procedures for each of its U.S.-flag vessels, its terminal operation in Sauget, Illinois and its Port Dania facility in Dania Beach, Florida.

The International Safety Management Code ("ISM Code"), adopted by the IMO as an amendment to SOLAS, provides international standards for the safe management and operation of ships and for the prevention of marine pollution from ships. The United States enforces the ISM Code for all U.S.-flag vessels and those foreign-flag vessels that call at U.S. ports. All of the Company's vessels that are 500 or more gross tons are required to be certified under the standards set forth in the ISM Code's safety and pollution protocols. The Company also voluntarily complies with these protocols for some vessels that are under the mandatory 500 gross ton threshold. Under the ISM Code, vessel operators are required to develop an extensive safety management system ("SMS") that includes, among other things, the adoption of a written system of safety and environmental protection policies setting forth instructions and procedures for operating their vessels subject to the ISM Code, and describing procedures for responding to emergencies. The Company has developed such a safety management system. These SMS policies apply to both the vessel and shore-side personnel and are vessel specific. The ISM Code also requires a Document of Compliance ("DOC") to be obtained for the vessel manager and a Safety Management Certificate ("SMC") to be obtained for each vessel subject to the ISM Code that it operates or manages. The Company has obtained DOCs for its shore-side offices that have responsibility for vessel management and SMCs for each of the vessels that such offices operate or manage.

Noncompliance with the ISM Code and other IMO regulations may subject the shipowner or charterer to increased liability, may lead to decreases in available insurance coverage for affected vessels and may result in the denial of access to, or detention in, some ports. For example, the USCG authorities have indicated that vessels not in compliance with the ISM Code will be prohibited from trading to United States ports.

Industry Hazards and Insurance

Vessel operations involve inherent risks associated with carrying large volumes of cargo and rendering services in a marine environment. Hazards include adverse weather conditions, collisions, fire and mechanical failures, which may result in death or injury to personnel, damage to equipment, loss of operating revenues, contamination of cargo, pollution and other environmental damages and increased costs. The Company maintains hull, liability and war risk, general liability, workers compensation and other insurance customary in the industries in which the Company operates. The Company believes it will be able to renew any expiring policy without causing a material adverse effect on the Company. The Company also conducts training and safety programs to promote a safe working environment and minimize hazards.

Employees

As of December 31, 2019, the Company employed 2,309 individuals. In the United States, a total of 871 employees in Ocean Services and Inland Services are unionized under collective bargaining agreements that expire at varying times through August 31, 2022.

Management considers relations with its employees to be satisfactory.

ITEM 1A. RISK FACTORS

Risks, Uncertainties and Other Factors That May Affect Future Results

The Company's results of operations, financial condition and cash flows may be adversely affected by numerous risks. Material risks that the Company is aware of are set forth below, but there could be risks of which the Company is not aware or risks that could be material that are not identified as such at this time. Carefully consider the risks described below, as well as the other information that has been provided in this Annual Report on Form 10-K. Additional risks and circumstances, not presently known to management, or perceived as a threat, may exist or materialize and could also impair the Company's business operations.

Difficult economic conditions, including those caused by natural disasters and other extraordinary events, could materially adversely affect the Company. The success of the Company's business is both directly and indirectly dependent upon conditions in the global financial markets and economic conditions throughout the world that are outside its control and difficult to predict. Factors such as commodity prices, interest rates, availability of credit, inflation rates, availability and cost of labor, changes in laws (including laws relating to taxation), elimination or imposition of trade barriers and protective rules, currency exchange rates and controls, pandemic disease or other health crisis and national and international political circumstances (including wars, terrorist acts or security operations) can have a material negative impact on the Company's business and investments, which could reduce its revenues and profitability. Uncertainty about global economic conditions may lead or require businesses to postpone capital spending in response to tighter credit and reductions in income or asset values and to cancel or renegotiate existing contracts because their access to capital is impeded. This would in turn affect the Company's profitability or results of operations. These factors may also adversely affect the Company's liquidity and financial condition and the liquidity and financial condition of the Company's customers. Volatility in the conditions of the global economic markets can also affect the Company's ability to raise capital at attractive prices. The Company's ongoing exposure to credit risks on its accounts receivable balances are heightened during periods when economic conditions worsen. The Company has procedures that are designed to monitor and limit exposure to credit risk on its receivables; however, there can be no assurance that such procedures will effectively limit its credit risk and avoid losses that could have a material adverse effect on the Company's financial position, results of operations and cash flows. Unstable economic conditions may also increase the volatility of the Company's stock price.

In addition, public health threats, such as the coronavirus, influenza and other highly communicable diseases or viruses, outbreaks of which have from time-to-time occurred in various parts of the world in which the Company or its vendors, including its shipbuilders, operate could adversely impact the Company's business, results of operations, financial condition and delivery schedule of new equipment. For instance, the Company has contracted with a company located in China for the construction of new rail ferry vessels. As a result of the recent outbreak of the 2019 novel coronavirus (COVID-19) in Wuhan, Hubei Province, China and subsequent appearance of the disease in other parts of the world, many Chinese companies, including the company contracted to build the rail ferry vessels have suspended operations, which could affect the delivery schedule for these vessels and other equipment.

Changes in U.S. policies governing foreign trade, international travel, immigration, manufacturing and foreign investment could have a material adverse effect on the Company. Changes in U.S. social, political, regulatory and economic conditions or in laws and policies governing foreign trade, travel to and from the United States, immigration, manufacturing, development and investment in the territories and countries in which the Company operates, and any negative sentiments towards the United States as a result of such changes, could adversely affect the domestic and global transportation services industry, which could adversely affect the Company's business and results of operations.

Recent world events have increased the risks posed by international trade wars, tariffs, and sanctions. The United States has imposed tariffs on a list of products imported from China and other countries and, such countries have in turn announced tariffs on products exported to them from the United States. Although there is uncertainty as to the duration of the proposed tariffs and the products and materials that ultimately will be covered by future tariffs, the tariffs have and may continue to increase the costs of certain raw materials and have led, and may continue to lead, to retaliatory tariffs on U.S. goods, which in turn could reduce the volume of commodities moving from or to the U.S. and thus the demand for the services provided by Ocean Services and Inland Services, negatively impacting their results. For example, tariffs have reduced the overseas demand for U.S. grains. Such tariffs could also cause a permanent loss of market position for U.S. agricultural products due to competitors having added capacity. Although the United States and China recently announced a trade agreement, the agreement leaves many tariffs intact and many points open for negotiation and interpretation. As such, trade tensions with China and other countries could continue to create uncertainty for the marine transportation industry.

There are risks associated with the Company's debt structure. As of December 31, 2019, the Company had \$314.5 million of consolidated indebtedness. The Company's ability to meet its debt service obligations, comply with its financial and restrictive covenants under its debt instruments and refinance its indebtedness is dependent upon its ability to generate cash in the future from operations, financings or asset sales, and its ability to access the capital markets, each of which are subject to general economic conditions, industry cycles, seasonality and financial, business and other factors, many of which are beyond its control. The Company's debt levels and the terms of its indebtedness may limit its liquidity and flexibility in obtaining additional financing and pursuing other business opportunities. If the Company is unable to repay or refinance its debt as it becomes due, it may be forced to

sell assets or take other disadvantageous actions, including undertaking alternative financing plans, which may have onerous terms or may be unavailable, reducing financing in the future for working capital, capital expenditures and general corporate purposes or dedicating an unsustainable level of its cash flow from operations to the payment of principal and interest on its indebtedness. In addition, the failure of the Company to comply with the financial or restrictive covenants contained in its debt instruments could result in an event of default, which, if not cured or waived could accelerate the Company's debt repayment obligations.

Revenues from Ocean Services could be adversely affected by a decline in demand for domestic refined petroleum products, crude oil or chemical products, or a change in existing methods of delivery. A reduction in domestic consumption of refined petroleum products, crude oil or chemical products, the development of alternative methods of delivery of such products, or an increase in domestic sources of such products or in refining capacity, could reduce demand for the Company's services.

Construction of additional refined petroleum product, natural gas or crude oil pipelines could have a material adverse effect on Ocean Services' revenues. Long-haul transportation of refined petroleum products, crude oil and natural gas is generally less costly by pipeline than by ship. Existing pipeline systems are either insufficient to meet demand in, or do not reach, all of the markets served by Ocean Services' petroleum and chemical carriers. As a result, the Company's customers require the services provided by Ocean Services to meet demand. However, the construction and operation of new pipeline segments could replace the demand for Ocean Services' services and have a material adverse effect on Ocean Services' business.

Failure to maintain an acceptable safety record may have an adverse impact on the Company's ability to retain customers. The Company's customers consider safety and reliability a primary concern in selecting a service provider. The Company must maintain a record of safety and reliability that is acceptable to its customers. Should this not be achieved, the ability to retain current customers and attract new customers may be adversely affected, which in turn could affect the Company's financial position, results of operations and cash flows.

Adverse results of legal proceedings could materially adversely affect the Company. The Company is subject to, and may in the future be subject to, a variety of legal proceedings and claims that arise out of the ordinary conduct of its business. Results of legal proceedings cannot be predicted with certainty. Irrespective of its merits, litigation may be both lengthy and disruptive to the Company's operations and may cause significant expenditure and diversion of management attention. If the Company suffers an adverse judgment, it may be faced with significant monetary damages or injunctive relief against it that could materially adversely affect a portion of its business operations or materially adversely affect the Company's financial position, results of operations and cash flows.

The Company's activities outside of the United States subjects it to risks associated with international operations. The Company operates vessels and transacts other business worldwide. Its ability to compete in international markets may be adversely affected by foreign government regulations that favor or require the awarding of contracts to local competitors, or that require foreign persons to employ citizens of, or purchase supplies from, a particular jurisdiction. Further, the Company's foreign subsidiaries may face governmentally imposed restrictions on their ability to transfer funds to their parent company.

Activity outside the United States involves additional risks, including the possibility of:

- embargoes or restrictive actions by the United States and/or foreign governments that could limit the Company's ability to provide services in foreign countries or cause retaliatory actions by such governments;
- a change in, or the imposition of, withholding or other taxes on foreign income, tariffs or restrictions on foreign trade and investment;
- limitations on the repatriation of earnings or currency exchange controls and import/export quotas;
- unwaivable, burdensome local cabotage and local ownership laws and requirements;
- nationalization, expropriation, asset seizure, blockades and blacklisting;
- limitations in the availability, amount or terms of insurance coverage;
- loss of contract rights and inability to enforce contracts;
- longer payment cycles and problems collecting accounts receivable;
- political instability, war and civil disturbances or other risks that may limit or disrupt markets, such as terrorist acts, piracy, and kidnapping;
- fluctuations in currency exchange rates, hard currency shortages and controls on currency exchange that affect demand for the Company's services and its profitability;
- potential noncompliance with a wide variety of laws and regulations, such as the U.S. Foreign Corrupt Practices Act of 1977 (the "FCPA"), and similar non-U.S. laws and regulations, including the U.K. Bribery Act 2010;

- labor strikes;
- import or export quotas and other forms of public and government regulation;
- changes in general economic and political conditions; and
- difficulty in staffing and managing widespread operations.

The decision of the United Kingdom to exit from the European Union (generally referred to as “BREXIT”) could cause disruptions to and create uncertainty surrounding the Company’s business. The effects of BREXIT will depend on several factors, including any agreements the United Kingdom makes to retain access to European Union and other markets. The measures could lead to legal uncertainty and potentially divergent national laws and regulations, as the United Kingdom determines which European Union laws to replace or replicate, including those governing maritime, labor, environmental, competition and other matters applicable to the provision of the Company’s services. The impact on the Company’s business of any treaties, laws and regulations with and in the U.K. that replace the existing E.U. counterparts cannot be predicted. BREXIT also may create global economic uncertainty, which may cause the Company’s customers and potential customers to monitor their costs and reduce their budgets for the Company’s services. Any of these effects, and others the Company cannot anticipate, could materially adversely affect its business, financial position, results of operations and cash flows.

The Company may undertake one or more significant corporate transactions that may not achieve their intended results, produce less than expected returns, may be dilutive to existing businesses, may adversely affect the Company’s financial condition and its results of operations, and may result in additional risks to its businesses. The Company continuously evaluates the acquisition and disposition of operating businesses and assets and may in the future undertake significant transactions. Any such transaction could be material to the Company’s business and could take any number of forms, including mergers, joint ventures, investments in new lines of business and the purchase of equity interests or assets. The form of consideration associated with such transactions may include, among other things, cash, common stock, equity interests or loans payable to the Company and its affiliates by the purchaser. The Company also regularly evaluates the merits of disposing its operating businesses and assets, in whole or in part, which could take the form of asset sales, mergers or sales of equity interests in its subsidiaries (privately or through a public offering), or the spin-off of equity interests of the Company’s subsidiaries to its stockholders. For instance, in 2017, the Company spun-off its offshore marine services business, SEACOR Marine, to its stockholders and sold its 70% interest in ICP, the company that operated SEACOR’s Illinois Corn Processing business segment. In connection with significant corporate transactions, the Company may agree to indemnify other parties to such transactions, which may subject the Company to significant liability. For example, pursuant to the ICP merger agreement, the Company agreed to indemnify the purchaser of its interests in ICP against certain losses.

These types of significant transactions may present significant risks and uncertainties, including distraction of management from current operations, insufficient revenue to offset liabilities assumed, potential loss of significant revenue and income streams, unexpected expenses, inadequate return of capital, potential acceleration of taxes currently deferred, regulatory or compliance issues, the triggering of certain covenants in the Company’s debt instruments (including accelerated repayment) and other unidentified issues not discovered in due diligence. As a result of the risks inherent in such transactions, the Company cannot guarantee that any such transaction will ultimately result in the realization of the anticipated benefits of the transaction or that significant transactions will not have a material adverse impact on the Company’s financial condition or its results of operations. If the Company were to complete such an acquisition, disposition, investment or other strategic transaction, it may require additional debt or equity financing that could result in a significant increase in its amount of debt or the number of outstanding shares of its Common Stock.

Investment in new business strategies and initiatives present risks not originally contemplated. The Company has invested, and in the future may again invest, in new business plans or acquisitions, some of which may not be directly linked to existing business lines or activities. These activities may involve significant risks and uncertainties, including distraction of management from current operations, insufficient revenue to offset liabilities assumed and expenses associated with the plans or acquisitions, inadequate return of capital and unidentified issues not discovered in due diligence. To the extent such investments are not directly linked to existing business lines or activities, such investments may expose the Company to unforeseen risks. These investments may take the form of securities or other assets that are not very liquid. As a result of the risks inherent in new ventures, there can be no assurance that any such venture will be successful, or that new ventures will not have a material adverse impact on the Company’s financial position, results of operations and cash flows.

If there is a determination that the SMHI Spin-Off was taxable for U.S. federal income tax purposes because the facts, assumptions, representations or undertakings underlying the tax opinion are incorrect or for any other reason, then the Company and its stockholders that are subject to U.S. federal income tax could incur significant U.S. federal income tax liabilities. The SMHI Spin-Off was conditioned upon the Company's receipt of an opinion of Milbank, Tweed, Hadley & McCloy LLP, counsel to the Company, substantially to the effect that the separation qualified as a transaction that is described in Section 355 of the Code. The opinion relied on certain facts, assumptions, representations and undertakings from the Company and SEACOR Marine regarding the past and future conduct of each of the company's respective businesses and other matters. If any of these facts, assumptions, representations or undertakings were incorrect, the Company and its stockholders may not be able to rely on the opinion of counsel and could be subject to significant tax liabilities. Notwithstanding the opinion of counsel, the IRS could determine on audit that the separation is taxable if it determines that any of these facts, assumptions, representations or undertakings are not correct or have been violated or if it disagrees with the conclusions in the opinion, or for other reasons, including as a result of certain significant changes in the stock ownership of the Company or SEACOR Marine after the separation. If the separation is determined to be taxable, the Company and its stockholders that are subject to U.S. federal income tax could incur significant U.S. federal income tax liabilities.

Prior to the SMHI Spin-Off, the Company and SEACOR Marine entered into a tax matters agreement (the "SMHI Tax Matters Agreement") that governs the parties' respective rights, responsibilities and obligations with respect to taxes, tax attributes, the preparation and filing of tax returns, the control of audits and other tax proceedings and assistance and cooperation in respect of tax matters. Taxes relating to or arising out of the failure of the separation to qualify as a tax-free transaction for U.S. federal income tax purposes are the responsibility of the Company, except, in general, if such failure is attributable to SEACOR Marine's actions or inactions.

The Company's obligations under the SMHI Tax Matters Agreement are not limited in amount or subject to any cap. Further, even if the Company is not responsible for its tax liabilities under the SMHI Tax Matters Agreement, the Company nonetheless could be liable under applicable tax law for such liabilities if SEACOR Marine were to fail to pay them. If the Company is required to pay any liabilities under the circumstances set forth in the SMHI Tax Matters Agreement or pursuant to applicable tax law, the amounts may be significant.

The Company's operations are subject to certain foreign currency, interest rate, fixed-income, equity and commodity price risks. The Company is exposed to certain foreign currency, interest rate, fixed-income, equity and commodity price risks. Although some of these risks may be hedged, fluctuations could impact the Company's financial position, results of operations and cash flows. For instance, a strengthening of the U.S. dollar results in higher prices for U.S. exports, which may adversely affect Inland Services and Ocean Services' operating results. The Company has, and anticipates that it will continue to have, contracts denominated in foreign currencies. It is often not practicable for the Company to effectively hedge the entire risk of significant changes in currency rates. The Company's financial position, results of operations and cash flows have been negatively impacted for certain periods and positively impacted for other periods, and may continue to be affected to a material extent by the impact of foreign currency exchange rate fluctuations.

The Company's financial position, results of operations and cash flows may also be affected by the cost of hedging activities that the Company undertakes. The Company holds a portion of its net assets in cash equivalents, short-term investments and marketable securities. Such investments subject the Company to risks generally inherent in the capital markets. Volatility in the financial markets and overall economic uncertainty also increase the risk that the actual amounts realized in the future on the Company's marketable securities could differ significantly from the fair values currently assigned to them. In addition, rising interest rates could increase the Company's cost of capital, which may have an adverse impact on the Company's financial position, results of operations and cash flows.

The Company engages in hedging activities, which expose it to risks. The Company has in the past and may in the future use futures and swaps to hedge risks, such as escalation in fuel costs and movements in foreign exchange rates and interest rates. However, hedging activities can result in losses when a position is purchased in a declining market or a position is sold in a rising market. Such purchases expose the Company to risks of meeting margin calls and drawing on its capital, counterparty risk due to failure of an exchange or institution with which it has entered into a swap, incurring higher costs than competitors or similar businesses that do not engage in such strategies, and losses on its investment portfolio. Such strategies can also cause earnings to be volatile, and the current volatility in the financial markets exacerbates these risks. If the Company fails to offset such volatility, its results of operations, cash flows and financial position may be adversely affected.

The Company's ability to access capital markets could be limited. From time to time, the Company may need to access the capital markets to obtain long-term and short-term financing. However, the Company's ability to access the capital markets for long-term financing could be limited by among other things, its existing capital structure, its credit ratings demand for its services. In addition, volatility and weakness in capital markets may adversely affect the Company's credit availability and related financing costs. Capital markets can experience periods of volatility and disruption. If the disruption in these markets is prolonged, the Company's ability to obtain new credit or refinance obligations as they become due, on acceptable terms, if at all, could be adversely affected.

In addition, the trading markets for the Company's securities rely in part on the research and reports that industry or financial analysts publish about the Company and the marine transportation industry. If one or more analysts downgrade or provide negative outlook on the Company's securities or the marine transportation industry or the securities of any of the Company's competitors, or publish inaccurate or unfavorable research about the Company's business, the price of the Company's securities could decline. If one or more of these analysts ceases coverage of the Company's business or fails to publish reports on the Company regularly, the Company could lose visibility in the market, which in turn could cause the price or trading volume of its securities to decline.

There can be no assurance that such markets will be a reliable source of financing for the Company, which may adversely affect the Company's business and its ability to service its debts.

The Company could incur liability in connection with its provision of spill response services. On April 22, 2010, the *Deepwater Horizon*, a semi-submersible deepwater drilling rig operating in the U.S. Gulf of Mexico, sank after an apparent blowout and fire resulting in a significant flow of hydrocarbons from the BP Macondo well (the "*Deepwater Horizon*/BP Macondo Well Incident"). The Company provided spill and emergency response services in connection with the *Deepwater Horizon*/BP Macondo Well Incident. O'Brien's Response Management, L.L.C. ("ORM"), a subsidiary of the Company, and National Response Corporation ("NRC"), which was a subsidiary of the Company at the time of the incident operating in the Company's now discontinued Environmental Services segment (the Company subsequently sold NRC to J.F. Lehman & Company ("JFL")) are currently defendants in litigation arising from the *Deepwater Horizon*/BP Macondo Well Incident. Although companies are generally exempt in the United States from liability under the CWA for their own actions and omissions in providing spill response services, this exemption might not apply if a company were found to have been grossly negligent or to have engaged in willful misconduct, or if it were to have failed to provide these services consistent with the National Contingency Plan or as otherwise directed under the CWA. In addition, the exemption under the CWA would not protect a company against liability for personal injury or wrongful death claims, or against prosecution under other federal or state laws. All of the coastal states of the United States in which the Company provides services have adopted similar exemptions, but, several inland states have not. If a court or other applicable authority were to determine that the Company does not benefit from federal or state exemptions from liability in providing emergency response services, or if the other defenses asserted by the Company and its business segments are rejected, the Company could be liable together with the local contractor and the responsible party for any resulting damages, including damages caused by others, subject to the indemnification provisions and other liability terms and conditions negotiated with its domestic customers. In the international market, the Company does not benefit from the spill response liability protection provided by the CWA and, therefore, is subject to the liability terms and conditions negotiated with its international clients, in addition to any other defenses available to the Company and its business segments.

If Congress repeals the current \$134.0 million cap for non-reclamation liabilities under OPA 90 or otherwise scales back the protections afforded to contractors thereunder, there may be increased exposure for remediation work and the cost for securing insurance for such work may become prohibitively expensive. Without affordable insurance and appropriate legislative regulation limiting liability, drilling, exploration, remediation and further investment in oil and gas exploration in the U.S. Gulf of Mexico may be discouraged and thus reduce the demand for the Company's services.

The Company could incur liability in connection with certain obligations relating to the Deepwater Horizon incident. In connection with the *Deepwater Horizon*/BP Macondo Well Incident, BP Exploration & Production, Inc. and BP America Production Company (collectively, the "responsible party") engaged the services of ORM and NRC. ORM and NRC were subsequently made defendants in litigation arising from the *Deepwater Horizon*/BP Macondo Well Incident. In connection with claims relating to clean-up operations following the *Deepwater Horizon*/BP Macondo Well Incident, the responsible party acknowledged and agreed to indemnify and defend ORM and NRC pursuant and subject to certain contractual agreements and potential limitations. No assurance can be given that the responsible party will honor its obligation to indemnify the Company under these arrangements. If the responsible party were to fail to honor its obligations, the Company may be faced with significant monetary payments that could materially and adversely affect the Company's financial position, results of operations and cash flows. See the immediately following risk factor and "Item 3. Legal Proceedings."

Negative publicity may adversely impact the Company. Media coverage and public statements that insinuate improper actions by the Company or senior executives, regardless of their factual accuracy or truthfulness, may result in negative publicity, litigation or governmental investigations by regulators. Similar events impacting other vessel operators could indirectly harm the Company by causing substantial adverse publicity affecting the marine transportation industry in general. Addressing negative publicity and any resulting litigation or investigations may distract management, increase costs, impede hiring and divert resources. Negative publicity may have an adverse impact on the Company's reputation and the morale of its employees, which could adversely affect the Company's financial position, results of operations or cash flows.

Ocean Services, Inland Services and Witt O'Brien's rely on several customers and marketing agreements for a significant share of their revenues, the loss of any of which could adversely affect each of their businesses and operating results. As of December 31, 2019, one Ocean Services customer accounted for 10% of the Company's consolidated operating revenues. The portion of Ocean Services, Inland Services and Witt O'Brien's revenues attributable to any single customer may change over time, depending on the level of relevant activity by any such customer, the segment's ability to meet the customer's needs and other factors, many of which are beyond the Company's control. The loss by any segment of business from a significant customer could

have a material adverse effect on such segment's or the Company's business, financial condition, results of operations and cash flows. Further, to the extent any of the Company's customers experience an extended period of operating difficulty, the Company's revenues, results of operations and cash flows could be materially adversely effected.

Consolidation of the Company's customer base could adversely affect demand for its services and reduce its revenues. In recent years, oil and natural gas companies, energy companies, major grain exporters and farm cooperatives, importers and distributors of industrial materials, agricultural companies, fertilizer companies, trading companies, and industrial companies, which make up a significant portion of the Company's customer base, have undergone substantial consolidation and additional consolidation is possible. Consolidation results in fewer companies to charter or contract for the Company's services, which could adversely affect demand for the Company's petroleum and chemical carriers thereby reducing the Company's revenues.

An increase in the supply of vessels, barges or equipment the Company operates could have an adverse impact on the rates earned by the Company's vessels, barges and equipment. The Company's industry is highly competitive, with vessel oversupply and intense price competition. Expansion of the supply of vessels, barges and equipment would further increase competition in the markets in which the Company operates. The refurbishment of disused or "mothballed" vessels and barges, conversion of vessels from other uses or construction of new vessels, barges and equipment could all add vessel, barge and equipment capacity to current worldwide levels. A significant increase in vessel, barge and equipment capacity could lower rates and result in lower operating revenues.

The Company may not be able to renew or replace expiring contracts for its vessels. The Company's ability to renew or replace expiring contracts or obtain new contracts, and the terms of any such contracts, for the use of its vessels will depend on various factors, including market conditions and the specific needs of the Company's customers. Given the highly competitive and historically cyclical nature of the Company's industry, the Company may not be able to renew or replace the contracts or may be required to renew or replace expiring contracts or obtain new contracts at rates that are below, and potentially substantially below, existing rates, or that have terms that are less favorable to the Company than its existing contracts. In addition, newer, more technologically advanced vessels may be more desirable, and the presence of those vessels in our fleets and those of our competitors may decrease the demand for other vessels in our fleet and decrease the resale value of those other vessels. This could have a material adverse effect on the Company's financial condition, results of operations and cash flows.

Maintaining the Company's current fleet size and configuration and acquiring vessels required for additional future growth require significant capital. Expenditures required for the repair, certification and maintenance of a vessel typically increase with vessel age. These expenditures may increase to a level at which they are not economically justifiable and, therefore, to maintain the Company's current fleet size, it may seek to construct or acquire additional vessels. Also, customers may prefer modern vessels over older vessels, especially in weaker markets and some potential customers may not be willing to use vessels older than a specified age, even if the vessel has been subsequently rebuilt. The cost of adding a new vessel to the Company's fleet can be substantial. The Company can give no assurance that it will have sufficient capital resources to build or acquire the vessels required to expand or to maintain its current fleet size and vessel configuration.

The Company leases certain of the vessels it operates. Certain vessels operated by the Company are leased from third parties. The Company is exposed to the risk that the vessel owner may be unwilling or unable to continue to renew the leasing arrangement in the future on terms favorable to the Company or at all. If any such leases are terminated, the Company's ability to provide services to its customers could be adversely impacted.

If the Company does not restrict the amount of ownership of its Common Stock by non-U.S. citizens, it could be prohibited from operating inland river vessels and barges and tankers in the United States, which would adversely impact its business and operating results. The Company is subject to the Jones Act, which governs, among other things, the ownership and operation of vessels used to carry cargo between U.S. ports. Subject to limited exceptions, the Jones Act requires that vessels engaged in the U.S. coastwise trade be built in the United States, registered under the U.S.-flag and manned by predominantly U.S. crews. The Jones Act also requires that vessels engaged in coastwise trade be owned and operated by "U.S. citizens" within the meaning of the Jones Act. Compliance with the Jones Act requires that non-U.S. citizens own no more than 25% of the entities that directly or indirectly own or operate the vessels that the Company operates in the U.S. coastwise trade. Although SEACOR's Restated Certificate of Incorporation and By-Laws contain provisions intended to assure compliance with these provisions of the Jones Act, a failure to maintain compliance by the Company or any of the entities that directly or indirectly own its vessels would adversely affect the Company's financial position, results of operations and cash flows and could temporarily or permanently prohibit the Company from operating vessels in the U.S. coastwise trade. In addition, the Company could be subject to fines and its vessels could be subject to seizure and forfeiture for violations of the Jones Act and the related U.S. vessel documentation laws.

Repeal, Amendment, Suspension or Non-Enforcement of the Jones Act would result in additional competition for Ocean Services and Inland Services and could have a material adverse effect on the Company's business. A substantial portion of the operations of Ocean Services and Inland Services are conducted in the U.S. coastwise trade and thus subject to the provisions of the Jones Act (as discussed above). For years there have been attempts to repeal or amend such provisions, and such attempts are expected to continue in the future. For example, in a recent congressional review of Puerto Rico's financial circumstances, several proponents of repealing the Jones Act introduced bills in Congress to exempt the island from the Jones Act. Although the proposals were limited in scope and failed, there is a risk that similar legislation could be reintroduced upon the occurrence of similar future events, which could lead to broader legislation affecting other aspects of the Jones Act.

Under certain conditions, the U.S. Secretary of Homeland Security can grant waivers of the Jones Act to foreign vessel operators. Thus far, the Secretary has granted waivers only for relatively short periods in connection with natural disasters and the transportation of petroleum released from the U.S. Strategic Petroleum Reserve. Nonetheless, future waivers, particularly if for longer periods, could result in increased competition, which could negatively impact the Company's Jones Act operations.

Repeal, substantial amendment or waiver of provisions of the Jones Act could significantly adversely affect the Company by, among other things, resulting in additional competition from competitors with lower operating costs, because of their ability to use vessels built in lower-cost foreign shipyards, owned and manned by foreign nationals with promotional foreign tax incentives and with lower wages and benefits than U.S. citizens. In addition, the Company's advantage as a U.S.-citizen operator of Jones Act vessels could be eroded by periodic efforts and attempts by foreign interests to circumvent certain aspects of the Jones Act. If maritime cabotage services were included in the General Agreement on Trade in Services, or other prevailing trade agreements, or if the restrictions contained in the Jones Act were otherwise altered, the shipping of maritime cargo between covered U.S. ports could be opened to foreign-flag or foreign-built vessels. Such a change could significantly increase competition in the U.S. coastwise trade, which would likely have a material adverse effect on the Company's business, financial position, results of operations and cash flows.

Restrictions on non-U.S. citizen ownership of the Company's vessels could limit its ability to sell off any portion of its business or result in the forfeiture of its vessels. As noted above, compliance with the Jones Act requires that non-U.S. citizens own no more than 25% in the entities that directly or indirectly own or operate the vessels that the Company operates in the U.S. coastwise trade. If the Company were to seek to sell any portion of its business that owns any of these vessels, it would have fewer potential purchasers, since some potential purchasers might be unable or unwilling to satisfy the U.S. citizenship restrictions described above. As a result, the sales price for that portion of the Company's business may not attain the amount that could be obtained in an unconstrained sale.

The restrictions in SEACOR's Restated Certificate of Incorporation and By-Laws limiting the ownership of Common Stock by individuals and entities that are not U.S. citizens within the meaning of the Jones Act may affect the liquidity of SEACOR's Common Stock and may result in non-U.S. citizens being required to sell their shares at a loss or relinquish their voting, dividend and distribution rights. Under the Jones Act, at least 75% of the outstanding shares of each class or series of SEACOR's capital stock must be owned and controlled by U.S. citizens within the meaning of the Jones Act. Certain provisions of SEACOR's Restated Certificate of Incorporation and By-Laws are intended to facilitate compliance with this requirement and may have an adverse effect on holders of shares of the Common Stock. In addition, the indentures governing the Company's 2.5% Convertible Senior Notes, 3.0% Convertible Senior Notes and 3.25% Convertible Senior Notes include provisions that are designed to ensure compliance with the Jones Act.

Under the provisions of SEACOR's Restated Certificate of Incorporation and By-Laws, the aggregate percentage of ownership by non-U.S. citizens of any class of SEACOR's capital stock (including Common Stock) is limited to 22.5% of the outstanding shares of each such class to ensure that such ownership by non-U.S. citizens will not exceed the maximum percentage permitted by the Jones Act, which is presently 25%. The Restated Certificate of Incorporation and By-Laws authorizes SEACOR's Board of Directors, under certain circumstances, to increase the foregoing permitted percentage to no more than 24%. The Restated Certificate of Incorporation further provides that any issuance or transfer of shares to non-U.S. citizens in excess of such permitted percentage shall be ineffective as against the Company and that neither the Company nor its transfer agent shall register such purported issuance or transfer of shares to non-U.S. citizens or be required to recognize the purported transferee or owner as a stockholder of the Company for any purpose whatsoever except to exercise the Company's remedies. Any such excess shares in the hands of a non-U.S. citizen shall not have any voting or dividend rights and are subject to redemption by the Company in its discretion. The liquidity or market value of the shares of Common Stock may be adversely impacted by such transfer restrictions.

As a result of the above provisions, a proposed transferee of the Common Stock that is a non-U.S. citizen may not receive any return on its investment in shares it purportedly purchases or owns, and it may sustain a loss. The Company, in its discretion, is entitled to redeem all or any portion of such shares most recently acquired (as determined by its Board of Directors in accordance with guidelines that are set forth in SEACOR's Restated Certificate of Incorporation) by non-U.S. citizens in excess of such maximum permitted percentage for such class or series at a redemption price based on a fair market value formula that is set forth in the Restated Certificate of Incorporation, which may be paid in cash or promissory notes at the discretion of the Company. Such excess shares shall also not be accorded any voting, dividend or distribution rights until they have ceased to be excess shares, provided that they have not been already redeemed by the Company. As a result of these provisions, a purported stockholder who is

not a U.S. citizen within the meaning of the Jones Act may be required to sell its shares of Common Stock at an undesirable time or price and may not receive any return on its investment in such shares. Further, the Company may have to incur additional indebtedness, or use available cash (if any), to fund all or a portion of such redemption, in which case the Company's financial condition may be materially weakened.

So that the Company may ensure its compliance with the Jones Act, SEACOR's Restated Certificate of Incorporation and By-Laws permit it to require that owners of any shares of its capital stock provide confirmation of their citizenship. In the event that a person does not submit such documentation to the Company, the Restated Certificate of Incorporation and By-Laws provide the Company with certain remedies, including the suspension of the payment of dividends and distributions with respect to those shares and deposit of any such dividends and distributions into an escrow account. As a result of non-compliance with these provisions, an owner of the shares of the Company's Common Stock may lose significant rights associated with those shares.

In addition to the risks described above, the foregoing foreign ownership restrictions could delay, defer or prevent a transaction or change in control that might involve a premium price for SEACOR's Common Stock or otherwise be in the best interest of the SEACOR's stockholders.

If non-U.S. citizens own more than 22.5% of SEACOR's Common Stock, the Company may not have the funds or the ability to redeem any excess shares and it could be forced to suspend its operations in the U.S. coastwise trade. SEACOR's Restated Certificate of Incorporation and By-Laws contain provisions prohibiting ownership of its Common Stock by persons who are not U.S. citizens within the meaning of the Jones Act, in the aggregate, in excess of 22.5% of such shares in order to ensure that such ownership by non-U.S. citizens will not exceed the maximum percentage permitted by the Jones Act, which is presently 25%. The Restated Certificate of Incorporation permits the Company to redeem such excess shares, including those shares issued upon conversion or exchange of the Company's convertible notes. The per share redemption price may be paid, as determined by the Company's Board of Directors, by cash or promissory notes. However, the Company may not be able to redeem such excess shares for cash because its operations may not have generated sufficient excess cash flow to fund such redemption. If, for any reason, the Company is unable to effect such a redemption when such ownership of shares by non-U.S. citizens is in excess of 25% of the Common Stock, or otherwise prevent non-U.S. citizens in the aggregate from owning shares in excess of 25% of any such class or series of the Company's capital stock, or fail to exercise its redemption rights because it is unaware that such ownership exceeds such percentage, the Company will likely be unable to comply with the Jones Act and will likely be required by the applicable governmental authorities to suspend its operations in the U.S. coastwise trade. Any such actions by governmental authorities would have a severely detrimental impact on the Company's financial position, results of operations and cash flows.

The Company's U.S.-flag vessels are subject to requisition for ownership or use by the United States in case of national emergency or national defense need and certain of the Company's vessels participate in the MSP. The Merchant Marine Act of 1936 provides that, during a national emergency declared by Presidential proclamation or a period for which the President has proclaimed that the security of the national defense makes it advisable, the Secretary of Transportation may requisition the ownership or use of any vessel owned by U.S. citizens (which includes the Company) and any vessel under construction in the United States. If any of the Company's vessels were purchased or chartered by the federal government under this law, the Company would be entitled to just compensation, which is generally the fair market value of the vessel in the case of a purchase or, in the case of a charter, the fair market value of charter hire, but the Company would not be entitled to compensation for any consequential damages it may suffer. In addition, the Company operates vessels that participate in the MSP, which ensures that militarily useful U.S.-flag vessels are available to the U.S. Department of Defense in the event of war or national emergency. The purchase, charter or use for an extended period of time by the federal government of one or more of the Company's vessels under these laws or programs could have a material adverse effect on its business, financial position, results of operations and cash flows.

Ocean Services' participation in the MSP subjects the Company to certain financial risks. As noted in "Item 1. Government Regulation - Regulatory Matters" on this report, the Company currently receives an annual fee per vessel for participating in the MSP. These payments are subject to annual appropriations by the U.S. Congress. Although Congress has fully funded this program since its inception in 1996, there is no guarantee that it will continue to do so in the future. Moreover, supplemental revenues earned under this program for carrying U.S. governmental cargoes are volatile and depend substantially on the level of U.S. military and other government-impelled cargoes.

The Company is subject to hazards customary for the operation of vessels that could disrupt operations and expose the Company to liability. The operation of petroleum and chemical carriers, short-sea container, Roll On/Roll Off vessels, Pure Car/Truck Carriers, bulk carriers, towboats, tugs and barges is subject to various risks, including catastrophic disaster, adverse weather, mechanical failure and collision. For instance, the Company's operations in the U.S. Gulf of Mexico, Atlantic Ocean and Caribbean Sea may be adversely affected by weather, including severe hurricanes and tropical storms, which have adversely affected the Company in the past. Tropical storms and hurricanes may limit the Company's ability to operate its vessels in the proximity of storms, reduce development and production activity, result in the Company incurring additional expenses to secure equipment and facilities or require the Company to evacuate its vessels, personnel and equipment out of the path of a storm. Additional risks to vessels include adverse sea conditions, capsizing, grounding, oil and hazardous substance spills and navigation errors. These risks could endanger the safety of the Company's personnel, equipment, cargo and other property, as well as the environment. If any of these events were to occur, the Company could be held liable for resulting damages, including loss of revenues from or termination

of charter contracts, higher insurance rates, increased operating costs, increased governmental regulation and reporting and damage to the Company's reputation and customer relationships. Any such events would likely result in negative publicity for the Company and adversely affect its safety record, which would likely affect demand for the Company's services. In addition, the affected vessels could be removed from service and would then not be available to generate revenues.

The Company is subject to complex laws and regulations, including environmental laws and regulations that can adversely affect the cost, manner or feasibility of doing business. Increasingly stringent federal, state, local and international laws and regulations governing worker safety and health and the manning, construction and operation of vessels significantly affect the Company's operations. Many aspects of the marine industry are subject to extensive governmental regulation and oversight, including by the USCG, OSHA, NTSB, CBP, EPA, IMO, the U.S. Department of Homeland Security and the U.S. Maritime Administration, state environmental protection agencies for those jurisdictions in which the Company operates, and to regulation by states, port authorities and classification societies (such as the American Bureau of Shipping). The Company is also subject to regulation under international treaties, such as SOLAS, MARPOL, and the STCW. These agencies, organizations, regulations and treaties establish safety requirements and standards and are authorized to investigate vessels and accidents and to recommend improved safety standards. The CBP and USCG are authorized to inspect vessels at will. The Company has and will continue to spend significant funds to comply with these regulations and treaties. Failure to comply with these regulations and treaties may cause the Company to incur significant liabilities or restrictions on its operations, any of which could have a material adverse effect on its financial position, results of operations and cash flows.

The Company's business and operations are also subject to federal, state, local and international laws and regulations relating to environmental protection and occupational safety and health, including laws that govern the discharge of oil and pollutants into waters restricted thereunder. Violations of these laws and regulations may result in civil and criminal penalties, fines, injunctions, or other sanctions, or the suspension or termination of the Company's operations. Compliance with such laws and regulations frequently requires installation of costly equipment, increased staffing, increased fuel costs, specific training, or operational changes, and the phase-out of certain vessels. Some environmental laws impose strict and, under certain circumstances, joint and several liability for remediation of spills and releases of oil and hazardous materials and damage to natural resources, which could subject the Company to liability without regard to whether it was negligent or at fault. Under OPA 90, owners, operators and bareboat charterers are jointly and severally strictly liable for the removal costs and damages resulting from the discharge of oil within the navigable waters of the United States and the EEZ around the United States. In addition, an oil spill could result in significant liability, including fines, penalties, criminal liability and costs for natural resource and other damages under other federal and state laws and civil actions. Liability for a catastrophic spill could exceed the Company's available insurance coverage and result in it having to liquidate assets to pay claims. These laws and regulations may expose the Company to liability for the conduct of or conditions caused by others, including charterers. Because such laws and regulations frequently change and may impose increasingly strict requirements, the Company cannot predict the ongoing cost of complying with these laws and regulations. Moreover, the lack of uniformity of environmental regulations imposed by different agencies increases the Company's compliance costs and risk of non-compliance.

In recent years, governments and supranational groups have regulated vessel fuel and air emissions, including requirements to use low sulfur fuels, which have increased the Company's operating costs. Other new environmental or emissions control laws or regulations may similarly require an increase in the Company's operating costs and/or in the Company's capital spending for additional equipment or personnel to comply with such requirements and could also result in a reduction in revenues due to downtime required for the installation of such equipment.

The Company cannot be certain that existing laws, regulations or standards, as interpreted now or in the future, or future laws, regulations and standards will not have a material adverse effect on its business, financial position, results of operations and cash flows. Regulation of the shipping industry will likely continue to become more stringent and more expensive for the Company. In addition, a serious marine incident that results in significant oil pollution could result in additional regulation and lead to strict governmental enforcement or other legal challenges. The variability and uncertainty of current and future shipping regulations could hamper the ability of the Company and its customers to plan for the future or establish long-term strategies. Additional environmental and other requirements, as well as more stringent enforcement policies, may be adopted that could limit the Company's ability to operate, require the Company to incur substantial additional costs or otherwise have a material adverse effect on the Company's business, results of operations or financial condition. For more information, see "Item 1. Government Regulation - Environmental Compliance."

The Company is required by various governmental and quasi-governmental agencies to obtain, maintain and periodically renew certain permits, licenses and certificates with respect to its operations or vessels. In certain instances, the failure to obtain, maintain or renew these authorizations could have a material adverse effect on the Company's business.

There are risks associated with climate change, as well as climate change legislation and regulations. The physical risks of climate change, such as more frequent or more extreme weather events, changes in temperature and precipitation patterns, changes in river flow patterns and other related phenomena, could affect some, or all, of the Company's operations. Severe weather or other natural disasters could be destructive to the Company's operations and the operations of its customers. Weather patterns, such as excessive rainfall or drought, can affect river levels and cause ice conditions during winter months, which can hamper barge navigation. Locks and dams on river systems may be closed for maintenance or other causes, which may delay barge movements. These conditions could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

In addition, governments and supranational groups around the world have, in recent years, placed increasing attention on matters affecting the environment and this could lead to new laws or regulations pertaining to climate change, carbon emissions or energy use that in turn could result in a reduction in demand for hydrocarbon-based fuel. A number of countries and organizations have adopted, or are considering the adoption of, regulatory frameworks to reduce greenhouse gas emissions. These regulatory measures or international treaties may include, among others, adoption of cap and trade regimes, carbon taxes, increased efficiency standards, and incentives or mandates for renewable energy and could include specific restrictions on shipping emissions. In 2015, various countries adopted the Paris Agreement, which seeks to reduce greenhouse gas emissions in an effort to slow global warming. The United States signed the Paris Agreement in 2016 but has subsequently taken steps to withdraw from the agreement. The Paris Agreement does not specifically mention shipping.

Governments could also pass laws or regulations encouraging or mandating the use of alternative energy sources such as wind power and solar energy. These requirements could reduce demand for traditional energy commodities and therefore impact services provided by the Company. In recent years, governments and supranational groups have regulated vessel fuel and air emissions, including requirements to use low sulfur fuels, which have increased the Company's operating costs. Other new environmental or emissions control laws or regulations may similarly require an increase in the Company's operating costs and/or in the Company's capital spending for additional equipment or personnel to comply with such requirements and could also result in a reduction in revenues due to downtime required for the installation of such equipment. Such initiatives could have a material adverse effect on the Company's financial position, results of operations and cash flows.

Increased security and inspection procedures and tighter import and export controls could increase costs and disrupt the Company's business. Maritime shipping is subject to various security and customs inspections and related procedures in countries of origin and destination. Applicable inspection procedures can result in the seizure of contents of the Company's vessels, delays in delivering cargoes, and the levying of customs payments, duties, fines and other penalties. The U.S. government, foreign governments, international organizations, and industry associations have from time-to-time considered ways to expand inspection procedures. Such changes, if implemented, could impose additional financial and legal obligations on the Company, including additional responsibility for physically inspecting the contents of cargoes it is shipping. Furthermore, changes to inspection procedures could also impose additional costs and obligations on the Company's customers and may, in certain cases, render the shipment of certain types of cargo impractical. Any such changes or developments may have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Inland Services' results of operations could be adversely affected by international economic and political factors. The actions of the United States and foreign governments could affect the import and export of the dry bulk commodities typically transported by Inland 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 that Inland Services transports. National and international boycotts and embargoes of other countries or U.S. imports or exports together with the raising or lowering of tariff rates could affect the demand for the transportation of cargoes handled by Inland Services.

Inland Services' results of operations could be adversely affected by the decline in U.S. grain exports. Inland Services' business is significantly affected by the volume of grain exports handled through ports in the U.S. Gulf of Mexico. Grain exports can vary due to a number of factors including crop harvest yield levels in the United States and abroad, the demand for grain in the United States and international trade wars. A shortage of available grain overseas can increase demand for U.S. grain. Conversely, an abundance of grain overseas, or international tariffs on U.S. grain, can decrease demand for U.S. grain. For example, the deteriorating trade relationship between the U.S. and China has caused decreased demand for U.S. grain overseas. A decline in exports could result in excess barge capacity, which would likely lower freight rates earned by Inland Services.

Inland Services could experience variation in freight rates. Freight transportation rates may fluctuate as the volume of cargo and availability of barges change. The volume of freight transported on inland waterways may vary 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 can 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 Services.

Inland Services' results of operations are affected by seasonal activity. Inland Services' business is seasonal, and its quarterly revenues and profits have historically been lower in the first and second quarters of the year and higher in the third and fourth quarters, during the grain harvest. Expenses are not incurred and recognized evenly throughout the year. Because of these factors, Inland Services' quarterly operating results may be uneven and may be marked by lower revenues and earnings in some quarters than in others.

The aging infrastructure on the U.S. Inland Waterways may lead to increased costs and disruptions in Inland Services' operations. Many of the locks and dams on the U.S. Inland Waterways were built early in the last century, and their age makes them costly to maintain and susceptible to unscheduled maintenance outages. Delays caused by malfunctioning locks and dams could increase Inland Services' operating costs and delay the delivery of cargoes. Moreover, in the future, increased taxes could be imposed on users of the U.S. Inland Waterways to fund necessary infrastructure improvements, and such increases may not be recoverable by Inland Services through pricing increases. In addition, infrastructure improvements in other such modes of transportation could result in increased competition for inland barge transport relative to other modes of transportation if such other modes of transportation become more economical or accessible. The foregoing risks could make inland barge transport less competitive than rail and other modes of transportation, and could adversely impact Inland Services' results of operations and cash flows.

Inland Services' results of operations could be materially and adversely affected by fuel price fluctuations. Primarily, Inland Services purchases towboat and fleeting services from third party vendors. The price of these services can rise when fuel prices escalate and could adversely impact Inland Services' results of operations and cash flows.

The Company's insurance coverage may be inadequate to protect it from the liabilities that could arise in its businesses. Although the Company maintains insurance coverage against the risks related to its businesses, risks may arise for which the Company is not insured. Claims covered by insurance are subject to deductibles, the aggregate amount of which could be material and may be subject to caps on insurance payments. Insurance policies are also subject to compliance with certain conditions, the failure of which could lead to a denial of coverage as to a particular claim or the voiding of a particular insurance policy. There also can be no assurance that 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, the Company could be exposed to substantial liability. Further, to the extent the proceeds from insurance are not sufficient to repair or replace a damaged asset, the Company would be required to expend funds to supplement the insurance and in certain circumstances may decide that such expenditures are not justified, which, in either case, could adversely affect its liquidity and ability to grow.

The Company's inability to attract and retain qualified personnel and crew its vessels could have an adverse effect on its business and is also dependent on unionized employees. Attracting and retaining skilled personnel across all of the Company's business segments is an important factor in its future success. In addition, the success of the Company is dependent upon its ability to crew its vessels. The market for qualified personnel is highly competitive and the Company cannot be certain that it will be successful in attracting and retaining qualified personnel and crewing its vessels in the future. Approximately 850 of the Company's employees, out of a total of approximately 2,300 employees as of December 31, 2019, are covered by collective bargaining agreements with unions. The Company could be adversely affected if it is unable to successfully negotiate and maintain collective bargaining agreements with these unionized employees.

The Company's success depends on key members of its management, the loss of whom could disrupt its business operations. The Company depends to a large extent on the efforts and continued employment of its executive officers and key management personnel. The Company does not maintain key-man insurance. The loss of services of one or more of the Company's executive officers or key management personnel could have a negative impact on its financial position, results of operations and cash flows.

The failure to successfully complete construction or conversion of the Company's vessels, repairs, maintenance or routine dry-dockings on schedule and on budget could adversely affect the Company's financial position, results of operations and cash flows. From time to time, the Company may have a number of vessels under conversion and may plan to construct or convert other vessels in response to current and future market conditions. The Company also routinely engages shipyards to dry-dock vessels for regulatory compliance and to provide repair and maintenance services. Construction and conversion projects and dry-dockings are subject to risks of delay and cost overruns, resulting from shortages of equipment, lack of shipyard availability, unforeseen engineering problems, work stoppages, weather interference, unanticipated cost increases, inability to obtain necessary certifications and approvals and shortages of materials or skilled labor. A significant delay in either construction or dry-dockings could have a material adverse effect on contract commitments and revenues with respect to vessels under construction, conversion or undergoing dry-dockings. Significant cost overruns or delays for vessels under construction, conversion or retrofit could also adversely affect the Company's financial position, results of operations and cash flows.

The Company may face unexpected dry-dock costs for its vessels. Vessels must be dry-docked periodically for inspection and maintenance, and in the event of accidents or other unforeseen damage. The cost of repairs and renewals required at each dry-dock are difficult to predict with certainty, can be substantial and the Company's insurance may not cover these costs. Vessels in dry-dock will generally not generate any income. Large dry-docking expenses could adversely affect the Company's results of operations and cash flows. In addition, the time when a vessel is out of service for maintenance is determined by a number of factors including regulatory deadlines, market conditions, shipyard availability and customer requirements. Large dry-docking expenses and longer than anticipated off-hire time could adversely affect the Company's business, financial condition, results of operations and cash flows.

A violation of the FCPA may adversely affect the Company's business and operations. In order to effectively compete in certain foreign jurisdictions, the Company seeks to establish joint ventures with local operators or strategic partners. As a U.S. corporation, the Company is subject to the regulations imposed by the FCPA, which generally prohibits U.S. companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or maintaining business. The Company has adopted stringent procedures to enforce compliance with the FCPA. Nevertheless, the Company does business and may do additional business in the future in countries and regions where strict compliance with anti-bribery laws may not be customary and it may be held liable for actions taken by its strategic or local partners even though these partners may not be subject to the FCPA. The Company's personnel and intermediaries, including its local operators and strategic partners, may face, directly or indirectly, corrupt demands by government officials, political parties and officials, tribal or insurgent organizations, or private entities in the countries in which the Company operates or may operate in the future. As a result, the Company faces the risk that an unauthorized payment or offer of payment could be made by one of its employees or intermediaries, even if such parties are not always subject to the Company's control or are not themselves subject to the FCPA or other similar laws to which the Company may be subject. Any allegation or determination that the Company has violated the FCPA could have a material adverse effect on its business, financial position, results of operations and cash flows.

The Company's business and stock price may be materially adversely affected if its internal control over financial reporting is not effective. Under Section 404 of the Sarbanes-Oxley Act of 2002 and rules promulgated by the SEC, companies are required to conduct a comprehensive evaluation of their internal control over financial reporting. As part of this process, the Company is required to document and test its internal control over financial reporting; management is required to assess and issue a report concerning the Company's internal control over financial reporting; and the Company's independent registered certified public accounting firm is required to attest on the effectiveness of the Company's internal control over financial reporting. In the past, the Company has identified material weaknesses in its internal control over financial reporting. While all such identified material weaknesses have been remediated, there can be no assurance that the Company will not identify material weaknesses in its internal control in the future. Moreover, the Company's internal control over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, the circumvention or overriding of controls or fraud. Even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. The existence of a material weakness could result in errors in the Company's financial statements that could result in a restatement of financial statements, which could cause the Company to fail to meet its reporting obligations, lead to a loss of investor confidence and have a negative impact on the trading price of the Company's securities.

The Company relies on information technology, and if it is unable to protect against service interruptions, data corruption, cyber-based attacks or network security breaches, its operations could be disrupted and its business could be negatively affected. The Company relies on information technology networks and systems to process, transmit and store electronic and financial information; to capture knowledge of its business; to coordinate its business across its operation bases; and to communicate within the Company and with customers, suppliers, partners and other third-parties. These information technology systems, some of which are managed by third parties, may be susceptible to damage, disruptions or shutdowns, hardware or software failures, cyber-attacks, power outages, computer viruses, telecommunication failures, user errors or catastrophic events. The Company's technology systems are also subject to cybersecurity attacks including malware, other malicious software, phishing email attacks, attempts to gain unauthorized access to its data, the unauthorized release, corruption or loss of its data, loss or damage to its data delivery systems, and other electronic security breaches. The Company's information technology systems are becoming increasingly integrated, so damage, disruption or shutdown to the system could result in a more widespread impact.

If the Company's information technology systems suffer severe damage, disruption or shutdown, and its business continuity plans do not effectively resolve the issues in a timely manner, the Company's operations could be disrupted and its business could be negatively affected. In addition, cyber-attacks could lead to potential unauthorized disclosure of confidential information, data loss or data corruption impacting proprietary data of the Company or its customers. The recent passage of strict data protection laws by the European Union and other governmental bodies has increased the risk of penalties for data protection violations. There is no assurance that the Company will not experience these service interruptions or cyber-attacks in the future. Recent action by the IMO's Maritime Safety Committee and United States agencies indicate that cybersecurity regulations for the maritime industry are likely to be further developed in the near future in an attempt to combat cybersecurity threats. The Company is unable to predict the impact of such regulations at this time. Further, as the threat of cyber-attacks continues to grow, the Company may be required to expend additional resources to continue to modify or enhance its protective measures or to investigate and remediate any vulnerabilities to cyber-attacks.

Significant exercises of stock options or conversion of convertible debt could adversely affect the market price of the Company's Common Stock. As of December 31, 2019, the Company had 20,176,168 shares of Common Stock issued and outstanding; however, the total number of shares of the Company's Common Stock issued and outstanding does not include shares reserved for issuance under the Company's stock plans, including upon the exercise of options issued under such plans, or shares issuable upon the conversion of the Company's convertible debt. The exercise of outstanding options, the issuance of shares reserved for issuance under the Company's Stock Plans and the conversion of convertible debt instruments could adversely affect the price of the Company's Common Stock, will reduce the percentage of Common Stock held by the Company's current stockholders and may cause its current stockholders to suffer significant dilution, which may adversely affect the market for the Company's Common Stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Petroleum and chemical carriers, bulk carriers, PCTCs, harbor and offshore towboats and barges, RORO vessels and barges, inland river towboats and barges, terminals and servicing facilities are the principal physical properties owned by the Company and are more fully described in "Ocean Transportation & Logistics Services" and "Inland Transportation & Logistics Services" in "Item 1. Business."

ITEM 3. LEGAL PROCEEDINGS

During 2012, the Company sold National Response Corporation ("NRC"), NRC Environmental Services Inc., SEACOR Response Ltd., and certain other subsidiaries to J.F. Lehman & Company, a private equity firm (the "SES Business Transaction").

On December 15, 2010, O'Brien's Response Management L.L.C. ("ORM") and NRC were named as defendants in several "master complaints" filed in the overall multi-district litigation relating to the *Deepwater Horizon* oil spill response and clean-up in the Gulf of Mexico (the "DWH Response"), which is currently pending in the U.S. District Court for the Eastern District of Louisiana (the "MDL"). The "B3" master complaint naming ORM and NRC asserted various claims on behalf of a putative class against multiple defendants concerning the clean-up activities generally and the use of dispersants specifically. Both prior to and following the filing of the aforementioned "B3" master complaint, individual civil actions naming the Company, ORM, and/or NRC alleging B3 exposure-based injuries and/or damages were consolidated with the MDL and stayed pursuant to court order. On February 16, 2016, all but eleven "B3" claims against ORM and NRC were dismissed with prejudice (the "B3 Dismissal Order"). On August 2, 2016, the Court granted an omnibus motion for summary judgment as it concerns ORM and NRC in its entirety, dismissing the remaining eleven plaintiffs' claims against ORM and NRC with prejudice (the "Remaining Eleven Plaintiffs' Dismissal Order"). The deadline to appeal both of these orders has expired. The last remaining claim against the Company in connection with the "B3" master complaint was dismissed with prejudice, by an order of the Court granted on July 25, 2019.

On February 18, 2011, Triton Asset Leasing GmbH, Transocean Holdings LLC, Transocean Offshore Deepwater Drilling Inc., and Transocean Deepwater Inc. (collectively "Transocean") named ORM and NRC as third-party defendants in a Rule 14(c) Third-Party Complaint in Transocean's own Limitation of Liability Act action, which is part of the overall MDL, tendering to ORM and NRC the claims in the "B3" master complaint that have already been asserted against ORM and NRC. Various contribution and indemnity cross-claims and counterclaims involving ORM and NRC were subsequently filed. The Company believes that the potential exposure, if any, resulting therefrom has been reduced as a result of the various developments in the MDL, including the B3 Dismissal Order and Remaining Eleven Plaintiffs' Dismissal Order, and does not expect that these matters will have a material effect on its consolidated financial position, results of operations or cash flows.

Separately, on March 2, 2012, the Court announced that BP Exploration and Production Inc. ("BPXP") and BP America Production Company ("BP America," and with BPXP, "BP") and the Plaintiffs had reached an agreement on the terms of two proposed class action settlements that will resolve, among other things, Plaintiffs' economic loss and property damage claims and clean-up related claims against BP. The Company, ORM, and NRC had no involvement in negotiating or agreeing to the terms of either settlement, nor are they parties or signatories thereto. The BP settlement pertaining to personal injury claims (the "Medical Settlement") purported to resolve the "B3" claims asserted against BP and also established a right for class members to pursue individual claims against BP (but not ORM or NRC) for "later-manifested physical conditions," defined in the Medical Settlement to be physical conditions that were "first diagnosed" after April 16, 2012 and which are claimed to have resulted from exposure during the DWH Response. The back-end litigation-option ("BELO") provision of the Medical Settlement has specifically-delineated procedures and limitations, should any "B3" class member seek to invoke their BELO right. For example, there are limitations on the claims and defenses that can be asserted, as well as on the issues, elements, and proofs that may be litigated at any trial and the potential recovery for any Plaintiff. Notwithstanding that the Company, ORM, and NRC are listed on the Medical Settlement's release as to claims asserted by Plaintiffs, the Medical Settlement still permits BP to seek indemnity from any party, to the extent BP has a valid indemnity right. The Medical Settlement was approved by the Court on January 11, 2013 and made effective on February 12, 2014.

As of mid-January 2020, BP has tendered approximately 2,380 claims pursuant to the Medical Settlement's BELO provision for indemnity to ORM and approximately 230 of such claims to NRC. Recently, approximately 450 of the claims that were tendered by BP to ORM and approximately 35 of the claims tendered to NRC have been dismissed with prejudice. ORM and NRC have rejected all of BP's indemnity demands relating to the Medical Settlement's BELO provision and on February 14, 2019 commenced a legal action against BPXP and BP America with respect to same. That action, captioned *O'Brien's Response Management, L.L.C. et al. v. BP Exploration & Production Inc. et al.*, Case No. 2:19-CV-01418-CJB-JCW (E.D. La.) (the "Declaratory Judgment Action"), seeks declaratory relief that neither ORM nor NRC have any indemnity obligation to BP with respect to the exposure-based claims expressly contemplated by the Medical Settlement's BELO provision, nor any contribution, in light of BP's own actions and conduct over the past nine years (including its complete failure to even seek indemnity) and the resultant prejudice to ORM and NRC; that any indemnity or contribution rights BP may have once had with respect to these personal injury and exposure claims were extinguished once the Medical Settlement was approved by the MDL Court in 2013; and that the immunity already afforded to ORM and NRC via the B3 Dismissal Order and the Remaining Eleven Plaintiffs' Dismissal Order operates to bar any indemnity or contribution claims against them by BP. BP subsequently proceeded to begin tendering personal injury claims to ORM and NRC that are being pursued by plaintiffs who opted out of the Medical Settlement and who are thus proceeding with their "B3" claims in their ordinary course (as opposed to pursuant to the Medical Settlement's BELO provision). ORM and NRC also rejected these demands, and amended its Declaratory Judgment Action on December 11, 2019 to cover BP's indemnity demands for these opt out claims as well.

On October 16, 2019, BP asserted four amended counterclaims against ORM and NRC, as well as two claims against ORM's insurer (Navigators). Those amended counterclaims are breach of contract against ORM for failing to indemnify BP or name BP as an additional insured on the Navigators policy, declaratory judgment that NRC must indemnify BP under certain circumstances, and unjust enrichment against ORM and NRC. ORM and NRC moved to dismiss the last three of those counterclaims. That motion to dismiss was fully briefed as of January 10, 2020, and remains pending. The Court also ordered the parties to file simultaneous judgment on the pleadings briefs by February 14, 2020, and any oppositions by March 16, 2020.

Generally, the Company, ORM, and NRC believe that BP's indemnity demands with respect to any "B3" claims, including those involving Medical Settlement class members invoking BELO rights and those involving Medical Settlement opt-out Plaintiffs, are untimely and improper, and intend to vigorously defend their interests. Moreover, ORM has contractual indemnity coverage for the above-referenced claims through its separate agreements with sub-contractors that worked for ORM during the DWH Response and has preserved their rights in that regard while the Declaratory Judgment Action is pending. Overall, however, the Company believes that both of BP's settlements have reduced the potential exposure in connection with the various cases relating to the DWH Response. The Company is unable to estimate the potential exposure, if any, resulting from these claims, but does not expect that they will have a material effect on its consolidated financial position, results of operations or cash flows.

In the ordinary course of the Company's business, it may agree to indemnify its counterparty to an agreement. If the indemnified party makes a successful claim for indemnification, the Company would be required to reimburse that party in accordance with the terms of the indemnification agreement. Indemnification agreements generally, but not always, are subject to threshold amounts, specified claim periods and other restrictions and limitations.

In connection with the SES Business Transaction, the Company remains contingently liable for work performed in connection with the DWH Response. Pursuant to the agreement governing the sale, the Company's potential liability to the purchaser may not exceed the consideration received by the Company for the SES Business Transaction. The Company is currently indemnified under contractual agreements with BP for the potential "B3" liabilities relating to the DWH Response; this indemnification is unrelated to, and thus not impacted by, the indemnification BP has demanded and discussed above.

In the ordinary course of its business, the Company becomes involved in various other litigation matters including, among other things, claims by third parties for alleged property damages and personal injuries. Management has used estimates in determining the Company's potential exposure to these matters and has recorded reserves in its financial statements related thereto where appropriate. It is possible that a change in the Company's estimates of that exposure could occur, but the Company does not expect such changes in estimated costs would have a material effect on the Company's consolidated financial position, results of operations or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

INFORMATION ABOUT EXECUTIVE OFFICERS OF THE REGISTRANT

Officers of SEACOR serve at the pleasure of the Board of Directors. The name, age and offices held by each of the executive officers of SEACOR as of December 31, 2019 were as follows:

Name	Age	Position
Charles Fabrikant	75	Executive Chairman of the Board, President and Chief Executive Officer, and a director of SEACOR and several of its subsidiaries. Effective February 23, 2015, Mr. Fabrikant was appointed President and Chief Executive Officer a position he had resigned from in September 2010 when he was designated Executive Chairman of the Board. Mr. Fabrikant is a director of Diamond Offshore Drilling, Inc., a contract oil and gas driller, Hawker Pacific Airservices, Limited, an aviation sales product support company, Era Group Inc., a helicopter leasing company and SEACOR Marine. In addition, he is President of Fabrikant International Corporation, a privately owned corporation engaged in marine investments. Fabrikant International Corporation may be deemed an affiliate of SEACOR.
Bruce Weins	51	Senior Vice President and Chief Financial Officer of SEACOR since June 1, 2017. From February 2015 to June 1, 2017, Mr. Weins was Senior Vice President and Chief Accounting Officer of SEACOR. From July 2005 to February 2015, Mr. Weins was Corporate Controller of SEACOR. Mr. Weins served as Controller of Seabulk International, Inc. (“Seabulk”) from January 2005 to July 2005 when it merged with SEACOR. Prior to joining Seabulk, Mr. Weins was an audit senior manager with Deloitte & Touche LLP, where he was employed from September 1995 to December 2004. In addition, Mr. Weins is an officer and director of certain SEACOR subsidiaries.
Eric Fabrikant	39	Chief Operating Officer of SEACOR since February 23, 2015. From May 2009 through February 2015, Mr. Fabrikant was a Vice President of SEACOR. From 2004 through May 2009, Mr. Fabrikant held various positions at Nabors Industries. In addition, Mr. Fabrikant is an officer and director of certain SEACOR subsidiaries.
Bill Long	53	Executive Vice President, Chief Legal Officer and Corporate Secretary of SEACOR since April 2016. From August 2015 to April 2016, Mr. Long served as Senior Vice President, General Counsel and Secretary of GulfMark Offshore, Inc. Mr. Long was employed by Diamond Offshore Drilling, Inc, from March 1997 through June 2014, last holding the position of Senior Vice President, General Counsel and Secretary from October 2006 until June 2014.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market for the Company's Common Stock

SEACOR's Common Stock trades on the New York Stock Exchange ("NYSE") under the trading symbol "CKH." The closing share price on the NYSE on February 25, 2020 was \$39.14. As of February 25, 2020, there were 193 holders of record of Common Stock.

The Company currently does not intend on paying any dividends for the foreseeable future. Any payment of future dividends will be at the discretion of SEACOR's Board of Directors and will depend upon, among other factors, the Company's earnings, financial condition, current and anticipated capital requirements, plans for expansion, level of indebtedness and contractual restrictions, including the provisions of the Company's other then-existing indebtedness. The payment of future cash dividends, if any, would be made only from assets legally available.

On June 1, 2017, the Company completed the Spin-off of SEACOR Marine by means of a dividend of all of the issued and outstanding common stock of SEACOR Marine to SEACOR's shareholders. In the Spin-off, holders of SEACOR Common Stock received approximately 1.005 shares of SEACOR Marine common stock for each share of SEACOR Common Stock held as of the record date for the Spin-off. On December 20, 2017, the Company distributed 3,977,135 shares of Dorian LPG Ltd. ("Dorian") to its stockholders with each holder of Common Stock receiving approximately 0.2215 shares of Dorian common stock for each share of SEACOR Common Stock held as of the record date for such distribution.

Performance Graph

Set forth in the graph below is a comparison of the cumulative total return that a hypothetical investor would have earned assuming the investment of \$100 over the five-year period commencing on December 31, 2014 in (i) the Common Stock of the Company, (ii) the Standard & Poor's 500 Stock Index ("S&P 500") and (iii) Peer Issuers. The information set forth in the graph below shall be considered "furnished" but not "filed" for purposes of the Securities Act of 1933 and the Securities Exchange Act of 1934.



Total Return Since December 31,⁽¹⁾

	2014	2015	2016	2017	2018	2019
Company	100	71	97	100	80	94
S&P 500	100	101	113	138	132	174
Peer Issuers ⁽²⁾	100	77	84	82	77	106

(1) Assumes the reinvestment of dividends.

(2) The Peer Issuers group is comprised of publicly-traded firms participating in the U.S. Jones Act Marine Transportation and Project Markets. Such firms were selected on an industry and line-of-business basis. The Peer Issuers data is calculated as a simple average percentage in share prices and includes the following companies: SEACOR Holdings Inc., Kirby Corporation, Overseas Shipholding Group, Inc., Matson Inc. and Great Lakes Dredge & Dock Corporation.

Issuer Repurchases of Equity Securities

SEACOR's Board of Directors previously approved a securities repurchase plan that authorizes the Company to acquire its Common Stock, 3.0% Convertible Senior Notes, 2.5% Convertible Senior Notes and 3.25% Convertible Senior Notes (collectively the "Securities") through open market purchases, privately negotiated transactions or otherwise, depending on market conditions.

During the year ended December 31, 2019, the Company acquired 3,912 shares of Common Stock for treasury under the Securities repurchase plan and acquired no shares during the years ended December 31, 2018 and 2017. As of December 31, 2019, SEACOR had remaining authorization for Securities repurchases of \$129.9 million.

During the years ended December 31, 2019 and 2017, the Company acquired for treasury 8,338 and 212,659 shares of Common Stock, respectively, for aggregate purchase prices of \$0.4 million and \$12.3 million, respectively, from its employees to cover their tax withholding obligations related to share award transactions. These shares were purchased in accordance with the terms of the Company's Share Incentive Plans and not pursuant to the repurchase authorizations granted by SEACOR's Board of Directors.

The following table provides information with respect to purchases by the Company of shares of its Common Stock during the three months ended December 31, 2019:

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 ⁽¹⁾
10/01/19 – 10/31/19	—	\$ —	—	\$ 129,925,243
11/01/19 – 11/30/19	—	\$ —	—	\$ 129,925,243
12/01/19 – 12/31/19	—	\$ —	—	\$ 129,925,243

- (1) During the three months ended December 31, 2019, the Company purchased \$1.8 million in principal amount of its 3.0% Convertible Senior Notes thereby reducing the purchase authority under the plan. On December 23, 2019, the Company executed an agreement to purchase the 3.0% Convertible Senior Notes in compliance with the requirements of Rule 10b5-1(c)(1)(i) and 10b-18 for the period from January 2, 2020 through January 25, 2020. Subsequent to December 31, 2019, the Company purchased \$2.2 million in principal amount of its 3.0% Convertible Senior Notes for total consideration of \$2.2 million.

ITEM 6. SELECTED FINANCIAL DATA

SELECTED HISTORICAL FINANCIAL INFORMATION

The following table sets forth, for the periods indicated, selected historical consolidated financial data for the Company (in thousands, except per share data). Such financial data should be read in conjunction with “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Item 8. Financial Statements and Supplementary Data” included in Parts II and IV, respectively, of this Annual Report on Form 10-K.

	Years Ended December 31,				
	2019	2018	2017	2016	2015
Operating Revenues: ⁽¹⁾			<i>As Adjusted</i>	<i>As Adjusted</i>	<i>As Adjusted</i>
Ocean Services	\$ 423,288	\$ 414,844	\$ 352,876	\$ 229,643	\$ 227,142
Inland Services	267,334	285,688	248,452	251,241	340,348
Witt O’Brien’s	101,783	131,709	49,156	42,916	49,984
Other	7,681	3,589	464	482	14,506
Eliminations and Corporate	(120)	(80)	(101)	(119)	(127)
	<u>\$ 799,966</u>	<u>\$ 835,750</u>	<u>\$ 650,847</u>	<u>\$ 524,163</u>	<u>\$ 631,853</u>
Operating Income (Loss)	<u>\$ 45,155</u>	<u>\$ 85,999</u>	<u>\$ 50,483</u>	<u>\$ (9,700)</u>	<u>\$ 43,289</u>
Other Income (Expenses):					
Net interest expense	\$ (11,762)	\$ (22,953)	\$ (32,983)	\$ (24,163)	\$ (19,885)
Other ⁽²⁾	15,704	28,643	17,705	(58,373)	(25,155)
	<u>\$ 3,942</u>	<u>\$ 5,690</u>	<u>\$ (15,278)</u>	<u>\$ (82,536)</u>	<u>\$ (45,040)</u>
Net Income (Loss) attributable to SEACOR Holdings Inc.:					
Continuing operations	\$ 26,774	\$ 58,148	\$ 82,849	\$ (94,091)	\$ (53,839)
Discontinued operations	—	—	(21,206)	(121,806)	(14,943)
	<u>\$ 26,774</u>	<u>\$ 58,148</u>	<u>\$ 61,643</u>	<u>\$ (215,897)</u>	<u>\$ (68,782)</u>
Basic Earnings (Loss) Per Common Share of SEACOR Holdings Inc.:					
Continuing operations	\$ 1.41	\$ 3.22	\$ 4.77	\$ (5.56)	\$ (3.09)
Discontinued operations	—	—	(1.22)	(7.20)	(0.85)
	<u>\$ 1.41</u>	<u>\$ 3.22</u>	<u>\$ 3.55</u>	<u>\$ (12.76)</u>	<u>\$ (3.94)</u>
Diluted Earnings (Loss) Per Common Share of SEACOR Holdings Inc.:					
Continuing operations	\$ 1.38	\$ 3.04	\$ 4.24	\$ (5.56)	\$ (3.09)
Discontinued operations	—	—	(0.93)	(7.20)	(0.85)
	<u>\$ 1.38</u>	<u>\$ 3.04</u>	<u>\$ 3.31</u>	<u>\$ (12.76)</u>	<u>\$ (3.94)</u>
Statement of Cash Flows Data – provided by (used in):					
Operating activities:					
Continuing operations	\$ 119,273	\$ 49,428	\$ 107,575	\$ 39,806	\$ 131,812
Discontinued operations	—	—	12,811	41,206	(16,143)
Investing activities:					
Continuing operations ⁽³⁾	(32,568)	80,492	115,866	(88,162)	(81,904)
Discontinued operations	—	—	2,720	(21,581)	(92,615)
Financing activities:					
Continuing operations	(155,471)	(224,799)	(249,646)	(79,327)	(75,347)
Discontinued operations	—	—	(7,149)	12,290	160,513
Effects of exchange rate changes on cash and cash equivalents:					
Continuing operations	(2)	(137)	956	(2,928)	(1,974)
Discontinued operations	—	—	208	437	(118)
Capital expenditures of continuing operations (included in investing activities)	(37,786)	(50,272)	(114,595)	(252,806)	(203,453)
Balance Sheet Data (at period end):					
Cash, cash equivalents, restricted cash, restricted cash equivalents, marketable securities and construction reserve funds	\$ 86,380	\$ 181,436	\$ 336,328	\$ 410,777	\$ 582,633
Total assets	1,512,972	1,471,024	1,613,336	2,862,321	3,185,419
Long-term debt, less current portion	255,612	346,128	501,505	631,084	853,732
Total SEACOR Holdings Inc. stockholders’ equity	811,726	704,154	623,683	1,060,892	1,270,820

(1) On January 1, 2018, the Company adopted Financial Accounting Standard Board Topic 606, *Revenues from Contracts with Customers* (“Topic 606”). The only business segment impacted by the retrospective adoption of Topic 606 was Inland Services and all prior periods have been adjusted to reflect the adoption.

(2) Other principally includes unrealized and realized gains and losses from debt extinguishment, marketable securities, derivatives and foreign currency transactions.

(3) On January 1, 2018 the Company adopted a new accounting standard regarding the presentation of restricted cash and restricted cash equivalents to be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total cash amounts shown on the statement of cash flows. As a result, the Company reclassified previously reported amounts to conform with its new presentation.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Management's Discussion and Analysis of Financial Condition and Results of Operations below presents the Company's operating results for each of the three years in the period ended December 31, 2019, and its financial condition as of December 31, 2019. Certain statements in this Management's Discussion and Analysis of Financial Condition and Results of Operations constitute forward looking statements. See "Forward Looking Statements" and "Risk Factors" included elsewhere in this Annual Report on Form 10-K.

Overview

The Company's operations are divided into three main business segments – Ocean Transportation & Logistics Services ("Ocean Services"), Inland Transportation & Logistics Services ("Inland Services") and Witt O'Brien's. The Company also has activities that are referred to and described under Other that primarily includes CLEANCOR Energy Solutions LLC ("Cleancor") and noncontrolling investments in various other businesses.

Discontinued Operations. On June 1, 2017, the Company completed the spin-off of SEACOR Marine Holdings Inc. ("SEACOR Marine"), the company that operated SEACOR's Offshore Marine Services business segment, by means of a dividend of all the issued and outstanding common stock of SEACOR Marine to SEACOR's shareholders (the "Spin-off"). Prior to the Spin-off, SEACOR and SEACOR Marine entered into a Distribution Agreement and other agreements that govern the post-Spin-off relationship between SEACOR and SEACOR Marine. For all periods presented herein, the Company has reported the historical financial position, results of operations and cash flows of SEACOR Marine as discontinued operations.

On July 3, 2017, the Company completed the sale of its 70% interest in Illinois Corn Processing LLC ("ICP"), the company that operated SEACOR's Illinois Corn Processing business segment. For all periods presented herein, the Company has reported the historical financial position, results of operations and cash flows of ICP as discontinued operations.

Consolidated Results of Operations

Consolidating segment tables for each period presented below is included in Part IV "Note 18. Segment Information" of this Annual Report on Form 10-K.

Ocean Transportation & Logistics Services

Bulk Transportation Services.

Demand for and the margins earned from U.S.-flag bulk transportation services are dependent on several factors including the following:

- the volumes and location of domestic crude oil and petroleum production and associated refining activity levels in the United States;
- the volume and location of domestic retail consumption of petroleum products and commercial demand for crude oil, petroleum products and chemicals;
- the impact of competition from domestic pipelines and railroads;
- the delivered cost and competitiveness of foreign sourced crude oil, oil products and chemicals;
- the number of U.S.-flag oceangoing vessels eligible to participate in the U.S. domestic trade and capable of transporting crude, petroleum or chemical products;
- domestically sourced coal and petroleum coke volumes required for regional power utilities particularly in Florida; and
- demand for phosphate rock and finished fertilizers produced in Florida requiring waterborne transportation to the Mississippi River system.

The available supply of U.S.-flag vessels fluctuates when newly built vessels are placed into service or older vessels are removed from service. Older vessels are typically removed from service when margins are poor and the vessels face regulatory dockings, or when users insist on contracting for newer or more modern vessels. In some cases, loading installations may not accept vessels in excess of certain age requirements, typically 25 years. As of December 31, 2019, Ocean Services believes that third parties have contracted to build two U.S.-flag tank vessels with delivery dates in 2020 that could compete with Ocean Services' U.S.-flag petroleum and chemical carriers currently in service. Additionally, Ocean Services believes that there are in excess of 13 U.S.-flag petroleum and chemical carriers capable of carrying 155,000 barrels or more still operating that are in excess of 20 years old, including four owned by Ocean Services. The supply of U.S.-flag bulk carriers which are eligible to operate in the Jones Act trade is currently 13 vessels which range from 14,000 short tons to 40,000 short tons of cargo carrying capacity, of which Ocean Services

owns the two largest assets. As of December 31, 2019, the Company is not aware of any additional U.S.-flag bulk carriers under construction.

Port & Infrastructure Services.

The demand for harbor towing services is affected by the frequency, size and type of vessels calling within the U.S. ports where Ocean Services' tugs are deployed. The total number of U.S.-flag harbor tugs in service is hard to ascertain. Operators continue to upgrade their fleets with newly built, larger horsepower azimuth drive tugs to service changing customer requirements. The demand for offshore towing activities is affected by the number of ocean barges, dead ships and other large floating equipment requiring auxiliary power. Bunkering equipment is deployed under long-term, fixed price contracts serving the Caribbean and the Bahamas.

Logistics Services.

The demand for logistics services is dependent on several factors. Demand for U.S.-flag PCTCs is generally dependent on global demand for automobiles, the operational policies and budgets of the U.S. military and demand for U.S. government cargo transportation. The U.S. government dictates the number and types of vessels enrolled in the U.S. Maritime Security Program ("MSP"), which provides a stipend to offset the higher cost of U.S. crews and operating standards required for U.S.-flag vessels. The U.S.-flag vessels, including Ocean Services' PCTCs participating in the MSP program, are granted priority for U.S. government cargo over non-U.S.-flag vessels. Demand for liner and short-sea transportation is generally dependent on the volume of development and construction projects, demand for consumer and durable goods, manufacturing and industrial activity, and tourism trends within the Caribbean (including Puerto Rico), the Bahamas and Mexico.

Managed Services.

The demand for managed services is primarily dependent on the number of vessels owned by third parties who are unable to operate their own vessels and require the services of a third-party ship manager, such as financial institutions or owners without enough scale to manage in-house efficiently.

Results of Operations

The number and types of equipment operated, their contracted rates and utilization, and availability for service, taking into account dry-dock requirements and maintenance days, are the key determinants of Ocean Services' operating results and cash flows. Unless a vessel is removed from operational service, there is little reduction in daily running costs and, consequently, operating margins are most sensitive to changes in contractual rates and utilization.

Ocean Services' operating costs and expenses are grouped into the following categories:

- personnel (primarily wages, benefits, payroll taxes, savings plans and travel for marine personnel);
- repairs and maintenance (primarily routine repairs and maintenance and overhauls which are performed in accordance with planned maintenance programs);
- dry-docking (primarily the cost of regulatory dry-dockings performed in accordance with applicable regulations);
- insurance and loss reserves (primarily the cost of Hull and Machinery and Protection and Indemnity insurance premiums and loss deductibles);
- fuel, lubes and supplies;
- leased-in equipment (includes the cost of leasing equipment from lessors under bareboat charter arrangements); and
- other (port charges, freight, vessel inspection costs and other).

Vessel dry-dockings are performed in accordance with applicable regulations, or when necessary. Costs are expensed when incurred. If a disproportionate number of dry-dockings are undertaken (or not required) in a particular fiscal year or quarter, operating expenses can vary significantly in comparison with a prior year or prior quarter.

For the years ended December 31, the results of operations for Ocean Services were as follows:

	2019		2018		2017	
	Amount	Percent	Amount	Percent	Amount	Percent
	\$ '000	%	\$ '000	%	\$ '000	%
Operating Revenues:						
United States	342,848	81	339,340	82	290,168	82
Foreign	80,440	19	75,504	18	62,708	18
	<u>423,288</u>	<u>100</u>	<u>414,844</u>	<u>100</u>	<u>352,876</u>	<u>100</u>
Costs and Expenses:						
Operating:						
Personnel	94,522	22	91,920	22	77,236	22
Repairs and maintenance	22,829	5	24,267	6	14,296	4
Dry-docking	21,336	5	18,183	4	10,704	3
Insurance and loss reserves	8,165	2	6,833	2	6,757	2
Fuel, lubes and supplies	33,189	8	34,559	8	18,632	5
Leased-in equipment	45,246	11	40,099	10	31,092	9
Other	55,522	13	53,433	13	36,568	10
	<u>280,809</u>	<u>66</u>	<u>269,294</u>	<u>65</u>	<u>195,285</u>	<u>55</u>
Administrative and general	40,215	10	40,179	10	36,548	11
Depreciation and amortization	40,986	10	46,270	11	46,073	13
	<u>362,010</u>	<u>86</u>	<u>355,743</u>	<u>86</u>	<u>277,906</u>	<u>79</u>
Gains (Losses) on Asset Dispositions and Impairments, Net	1,291	1	12,887	3	(323)	—
Operating Income	<u>62,569</u>	<u>15</u>	<u>71,988</u>	<u>17</u>	<u>74,647</u>	<u>21</u>
Other Income (Expense):						
Foreign currency losses, net	(98)	—	(168)	—	(130)	—
Other, net	(112)	—	570	—	327	—
Equity in Earnings (Losses) of 50% or Less Owned Companies, Net of Tax	<u>(669)</u>	<u>—</u>	<u>3,632</u>	<u>1</u>	<u>7,664</u>	<u>2</u>
Segment Profit ⁽¹⁾	<u>61,690</u>	<u>15</u>	<u>76,022</u>	<u>18</u>	<u>82,508</u>	<u>23</u>

(1) Includes amounts attributable to both SEACOR and noncontrolling interests. See Part IV "Note 13. Noncontrolling Interests in Subsidiaries" included in this Annual Report on Form 10-K.

Operating Revenues by Line of Service. The table below sets forth, for the years indicated, the types of operating revenues earned by line of service.

	2019		2018		2017	
	Amount	Percent	Amount	Percent	Amount	Percent
	\$ '000	%	\$ '000	%	\$ '000	%
Operating Revenues:						
Bulk Transportation Services:						
Petroleum and chemical:						
Time charter	101,900	24	103,807	25	121,312	34
Bareboat charter	29,514	6	36,704	9	34,339	10
Voyage charter	7,126	2	14,928	3	7,722	2
Dry bulk:						
Contracts of affreightment	24,541	6	11,872	3	15,181	4
Voyage charter	8,181	2	20,406	5	5,447	2
Port & Infrastructure Services:						
Tariff	79,757	19	74,157	18	68,266	19
Time charter	6,902	2	4,988	1	3,231	1
Bareboat charter	6,685	2	7,432	2	6,224	2
Logistics Services:						
Time charter ⁽¹⁾	60,344	14	40,311	10	18,129	5
Voyage charter	31,074	7	38,645	9	20,453	6
Unit freight	63,420	15	58,326	14	50,693	14
Managed services	3,844	1	3,268	1	1,879	1
	<u>423,288</u>	<u>100</u>	<u>414,844</u>	<u>100</u>	<u>352,876</u>	<u>100</u>

(1) Includes MSP revenues of \$15.4 million, \$19.3 million and \$9.9 million for the years ended December 31, 2019, 2018 and 2017, respectively.

International Shipholding Corporation Acquisition. On July 3, 2017, SEACOR acquired International Shipholding Corporation (“ISH”). ISH was renamed Waterman Logistics, Inc. in 2019. Its subsidiaries include: United Ocean Services, which operates Jones Act U.S.-flag bulk carriers supporting the cross-U.S. Gulf trade of fertilizer, phosphate rock, coal, and petroleum coke (the results of which are included in bulk transportation services in the table above); Central Gulf Lines, Inc., renamed Waterman Transport, Inc. in 2019 (“Waterman Transport”); and Waterman Steamship Corporation. The latter two entities are long-established U.S. based shipping lines that charter and operate vessels enrolled in the MSP. Waterman Transport time charters four U.S.-flag PCTCs, to a third-party when not moving U.S. military, commercial and U.S. government-impelled cargoes (the results of which are included in logistics services in the table above). See Part IV “Note 2. Business Acquisitions” of this Annual Report on Form 10-K.

2019 compared with 2018

Operating Revenues. Operating revenues were \$8.4 million higher in 2019 compared with 2018.

Operating revenues from bulk transportation services were \$16.5 million lower in 2019 compared with 2018.

Operating revenues from petroleum and chemical transportation were \$16.9 million lower primarily due to the return of one previously leased-in U.S.-flag petroleum and chemical carrier in early 2019, the sale of another U.S.-flag petroleum and chemical carrier in March 2018, higher out-of-service time for regulatory dry-dockings and repairs, a reduction in the time charter rate for one U.S.-flag petroleum and chemical carrier in exchange for a multi-year extension of the charter and a change in contract status from time charter to bareboat charter for another U.S.-flag petroleum and chemical carrier.

Operating revenues from port and infrastructure services were \$6.8 million higher primarily due to higher port traffic and time charter contract activities.

Operating revenues from logistics services were \$17.6 million higher primarily due to higher military and commercial cargo activities and an increase in demand for containers and project cargoes for the movement of relief supplies to the Bahamas following Hurricane *Dorian*. Changes between time charter and voyage charter revenues were primarily the result of changes in contract status for military cargo activities.

Operating Expenses. Operating expenses were \$11.5 million higher in 2019 compared with 2018 primarily due to:

- higher regulatory dry-docking costs for U.S.-flag petroleum and chemical carriers and U.S.-flag PCTCs;

- higher leased-in equipment costs for short-sea container/RORO vessels in response to increased shipping demand and for U.S.-flag petroleum and chemical carriers due to the amortization of previously deferred gains in 2018;
- higher personnel costs due to pre-negotiated rate increases under the terms of certain collective bargaining agreements;
- higher voyage costs for PCTCs as a result of higher military and commercial cargo activity; and
- higher insurance deductible claim costs.

Depreciation and Amortization. Depreciation and amortization expenses were \$5.3 million lower primarily due to the U.S.-flag bulk carriers being fully depreciated during 2018.

Gains (Losses) on Asset Dispositions and Impairments, Net. During 2019, Ocean Services sold one short-sea container/RORO vessel and other equipment for net proceeds of \$1.9 million and gains of \$0.2 million. In addition, Ocean Services recognized \$1.1 million of previously deferred gains following the repayment of notes receivable related to the sale of one harbor tug and certain real property. During 2018, Ocean Services sold one U.S.-flag petroleum and chemical carrier, one U.S.-flag harbor tug and other equipment for net proceeds of \$5.1 million and gains of \$1.9 million. In addition, Ocean Services recognized previously deferred gains of \$11.0 million due to a change in the lease duration for one U.S.-flag petroleum and chemical carrier.

Operating Income. Excluding gains (losses) on asset dispositions and impairments, net, operating income as a percentage of operating revenues was 14% in 2019 and 2018. Higher personnel, dry-docking, leased-in equipment and voyage costs were offset by higher revenues.

Equity in Earnings (Losses) of 50% or Less Owned Companies, Net of Tax. Ocean Services recognized equity in losses of 50% or less owned companies, net of tax, of \$0.7 million in 2019 compared with equity in earnings of 50% or less owned companies, net of tax, of \$3.6 million in 2018, primarily due to lower earnings from Trailer Bridge, Inc. ("Trailer Bridge") associated with increased capacity in the Puerto Rico liner trade. These decreases were partially offset by lower losses from Ocean Services' 50% or less owned companies that own and operate rail ferries as a consequence of out-of-service time and associated dry-docking costs and repair and maintenance expenses for the rail ferries during 2018.

2018 compared with 2017

Operating Revenues. Operating revenues were \$62.0 million higher in 2018 compared with 2017.

Operating revenues from bulk transportation were \$3.7 million higher in 2018 compared with 2017.

Operating revenues from petroleum and chemical transportation were \$7.9 million lower primarily due to the sale of one U.S.-flag petroleum and chemical carrier during 2018, higher out-of-service time for the regulatory dry-dockings of U.S.-flag petroleum and chemical carriers and lower charter rates for U.S.-flag petroleum and chemical carriers. These decreases were partially offset by operating revenues resulting from a full year of activity for newly built U.S.-flag petroleum and chemical carriers placed into service during March and August of 2017.

Operating revenues from dry bulk transportation were \$11.7 million higher primarily due to a full year of operations for two U.S.-flag bulk carriers acquired in the ISH acquisition, partially offset by out-of-service time associated with the regulatory dry-docking of these two U.S.-flag bulk carriers during 2018.

Operating revenues from port and infrastructure services were \$8.9 million higher primarily due to an increase in harbor towing tariff activities resulting from higher port traffic, a full year of operations for a U.S.-flag harbor tug under a time charter contract and the commencement of a bareboat charter contract for a U.S.-flag harbor tug.

Operating revenues from logistics services were \$48.0 million higher primarily due to a full year of operations for four PCTCs associated with the ISH acquisition and an increase in unit freight shipping demand.

Operating revenues from managed services were \$1.4 million higher primarily due to providing management services for two additional third-party vessels.

Operating Expenses. Operating expenses were \$74.0 million higher in 2018 compared with 2017 primarily due to:

- the addition of the PCTCs and U.S.-flag bulk carriers acquired in the ISH acquisition;
- a full year of operations for newly built U.S.-flag petroleum and chemical carriers placed into service during March and August of 2017;
- placing two foreign-flag short-sea container/RORO vessels into service in January of 2018; and
- higher regulatory dry-docking costs for U.S.-flag petroleum and chemical carriers.

These increases were partially offset by the sale of one U.S.-flag petroleum and chemical carrier in March of 2018.

Administrative and General. Administrative and general expenses were \$3.6 million higher in 2018 compared with 2017 primarily due to higher compensation costs associated with the ISH acquisition and higher legal fees. These increases were partially offset by the accelerated vesting of certain share awards in 2017 in advance of changes to the U.S. federal income tax code.

Depreciation and Amortization. Depreciation and amortization expenses were \$0.2 million higher in 2018 compared with 2017 primarily due to placing into service newly built U.S.-flag petroleum and chemical carriers during March and August of 2017 and two short-sea container/RORO vessels in January of 2018 and the acquisition of three U.S.-flag harbor tugs that were previously leased-in. These increases were partially offset by one U.S.-flag petroleum and chemical carrier being fully depreciated during 2018 and the impact of the sale-leaseback of another U.S.-flag petroleum and chemical carrier during 2017.

Gains (Losses) on Asset Dispositions and Impairments, Net. During 2018, Ocean Services sold one U.S.-flag petroleum and chemical carrier, one U.S.-flag harbor tug and other equipment for net proceeds of \$5.1 million and gains of \$1.9 million, all of which were recognized currently. Additionally, Ocean Services recognized previously deferred gains of \$11.0 million due to a change in the lease duration for one U.S.-flag petroleum and chemical carrier. During 2017, Ocean Services recognized an impairment charge of \$0.4 million due to the cancellation of an upgrade project for one U.S.-flag harbor tug, partially offset by gains of \$0.1 million related to the sale of other equipment.

Operating Income. Excluding the impact of gains (losses) on asset dispositions and impairments, net operating income as a percentage of operating revenues was 14% in 2018 compared with 21% in 2017. The decrease was primarily due to the sale of one U.S.-flag petroleum and chemical carrier, dry-docking costs for two U.S.-flag bulk carriers and the associated out-of-service time in 2018 and higher operating costs for two foreign-flag short-sea container/RORO vessels placed into service in January of 2018, partially offset by the increase in harbor towing activities.

Equity in Earnings (Losses) of 50% or Less Owned Companies, Net of Tax. Ocean Services recognized equity in earnings of 50% or less owned companies, net of tax, of \$3.6 million in 2018 compared with \$7.7 million in 2017. The reduction was primarily due to losses from Ocean Services' 50% or less owned companies that own and operate rail ferries as a consequence of out-of-service time and associated dry-docking costs and repair expenses, and the sale of a U.S.-flag dry-bulk articulated tug-barge by SeaJon LLC ("SeaJon") during 2017. These decreases were partially offset by improved results from Trailer Bridge and Kotug Seabulk Maritime LLC ("KSM").

Inland Transportation & Logistics Services

Bulk Transportation.

The results of Inland Services are primarily driven by demand for inland river bulk transportation services. The balance between supply of equipment and demand for services determines prices, utilization and margins achieved. Factors that influence demand for services include:

- the level of domestic and international demand for agricultural commodities, iron ore, steel, steel by-products, coal, ethanol, petroleum and other bulk commodities;
- the level of domestic production of corn, soybeans and carryover stocks and the price of these commodities;
- the level of domestic and international consumption of agricultural products and the effect of these levels on the volumes of products that are physically moved into the export markets;
- the relative cost of transporting products on the inland waterways from the U.S. Midwest to the U.S. Gulf of Mexico for export compared with the cost via rail to the Pacific Northwest;
- the relative cost of ocean freight from other producing origins; and
- the strength or weakness of the U.S. dollar and its impact on the import and export markets.

Within the United States and international markets, utilization and margins are also significantly impacted by the following factors:

- the supply of barges available to move products;
- operating conditions on the inland waterways including operating status of locks and dams;
- the effect of river levels on the loading capacities of barges in terms of draft and boat tow size restrictions;
- the ability to position the barges to maximize efficiencies and utility in moving cargoes both northbound and southbound; and
- the availability of qualified wheelhouse personnel.

Extreme flooding throughout the U.S. Inland Waterways during the first half of the year combined with weaker grain export demand made 2019 a challenging year. Precipitation levels were the highest ever recorded for much of the Upper Midwest. The Upper Mississippi River would normally open for commercial navigation in March, but multiple river closures due to high water levels kept traffic limited on that river segment until late June. Prolonged high water levels increased operating costs and limited grain loadings through much of the first and second quarters. Planting delays led to a loss of twelve million acres of soybean production and reduced yields for both corn and soybeans. Abundant crops from other corn and soybean producing countries impacted the U.S. market share in world trade and led to Center Gulf grain exports declining 14% from 2018. While U.S. soybean exports have rebounded somewhat from the height of the trade dispute with China, they have not reached the levels of export prior to the dispute. Reduced demand for corn exports resulting from increased domestic prices and increased supply from other producing countries, had a much larger impact on barge freight demand in 2018, with exports from the Center Gulf dropping 39% from 2018.

U.S. Center Gulf barge based coal exports fell sharply in 2019 due to poor river operating conditions early in the year and falling world prices for steam coal. While rail volumes absorbed much of the 7 million metric ton ("mmt") decline in Center Gulf coal exports, barge volumes are estimated to have dropped by 1-1.5 mmt in 2019 from 2018. Barged volumes of domestic coal continue to decline as more coal based power plants adjacent to the river system close along with mines that service those plants. Imports into the Center Gulf have managed a modest increase in volumes year-over-year driven by increases in salt and raw aluminum imports. Finished steel imports continued to decline in 2019, but raw steel imports mostly offset that decline. The domestic barge based movement of frac sand also declined, particularly to the Texas Gulf Coast as drillers are sourcing cheaper local sand.

At the end of 2019, the average age of Inland Services' covered dry-cargo barge fleet was eleven years, which Inland Services believes is among the youngest fleets operating on the U.S. Inland Waterways. Inland Services estimates that approximately 23% of the dry-cargo barge fleet operating on the U.S. Inland Waterways is over 20 years old. Inland Services believes the relatively young age of its dry-cargo barge fleet enhances its availability and reliability, reduces downtime for repairs and obviates, for the immediate future, the necessity of replacement capital expenditures to maintain its fleet size and revenue generating capacity.

Internationally, reduced demand for inland river bulk transportation services was primarily due to the U.S. trade war with China, lower demand for Bolivian iron ore in South America and longer loading wait times in Colombia, in addition to low water conditions on both the Magdalena River and Parana-Paraguay Waterway.

Port & Infrastructure Services.

Inland Services' terminal operations were negatively impacted in 2019 by high water levels in the St. Louis harbor. Many facilities were closed for a month or more which caused throughput volume to decrease 28% compared with 2018.

Inland Services' fleet operations benefited from increased barge and boat activities in the St. Louis area, primarily attributable to higher demand for refinery products.

Logistics Services.

During 2019, SEACOR America's Marine Highway ("AMH") transported virtually the same amount of twenty-foot equivalent container units compared with 2018, helping to eliminate approximately 50,000 truck shipments off the interstate highway system. The lack of growth in volume was driven by plant downtime and expanded tariffs that reduced exports. The Company believes customers continue to support the container-on-barge operating model and AMH expects to expand to servicing a third container line in 2020. An increase in drayage revenues was driven by a full year of operations in Freeport, Texas.

Managed Services.

During 2019, Inland Services provided management services related to barge and towboat operations.

Results of Operations

Fleet size, equipment utilization levels from volumes of product moved and margins earned are the key determinants of Inland Services' operating results and cash flows. Increased demand for inland river transportation services generally leads to higher barge freight rates. Adverse river conditions caused by severe weather can reduce volumes of product moved and increase barge logistics costs. Margins earned are also impacted by how efficiently Inland Services is able to coordinate cargo movements to minimize the repositioning costs of empty barges.

The aggregate cost of Inland Services' operations depends primarily on the size and mix of its fleet and the level of barge activity. Inland Services' operating costs and expenses are grouped into the following categories:

- barge logistics (primarily towing, switching, fleet and cleaning costs);
- personnel (primarily wages, benefits, payroll taxes, savings plans and travel for marine personnel);
- repairs and maintenance (primarily repairs and maintenance on towboats and barges, which are performed in accordance with planned maintenance programs);

- insurance and loss reserves (primarily the cost of Hull and Machinery, Protection and Indemnity and cargo insurance premiums and loss deductibles);
- fuel, lubes and supplies;
- leased-in equipment (the cost of leasing equipment, including bought-in freight and towboats); and
- other (rail car logistics, property taxes, project costs and other).

Adoption of Revenue Recognition Accounting Standard. On January 1, 2018, the Company adopted Financial Accounting Standard Board (“FASB”) Topic 606, *Revenue from Contracts with Customers* (“Topic 606”). As a consequence of adopting Topic 606, Inland Services now recognizes all of the operating revenues and expenses associated with the dry-cargo barge pools it manages along with additional operating expenses reflective of barge pool earnings attributable to third-party barge owners and not Inland Services in its capacity as manager. Under Topic 606, Inland Services determined it was a principal with respect to the third-party barge owners. Previously, Inland Services recognized operating revenues and expenses only for its proportionate share of the barge pools in which it participated as it acted as an agent. All prior period results have been adjusted to reflect the retrospective adoption of Topic 606. The adoption of Topic 606 had no impact on previously reported operating income, net income or earnings per share. See “Item 1. Financial Statements—Note 1. Basis of Presentation and Accounting Policies” included in Part I of this Annual Report on Form 10-K.

For the years ended December 31, the results of operations for Inland Services were as follows:

	2019		2018		2017	
	Amount	Percent	Amount	Percent	Amount	Percent
	\$ '000	%	\$ '000	%	\$ '000	%
	<i>As Adjusted</i>					
Operating Revenues:						
United States	258,195	97	274,742	96	238,426	96
Foreign	9,139	3	10,946	4	10,026	4
	<u>267,334</u>	<u>100</u>	<u>285,688</u>	<u>100</u>	<u>248,452</u>	<u>100</u>
Costs and Expenses:						
Operating:						
Barge logistics	151,323	57	165,032	58	143,718	58
Personnel	17,620	7	17,709	6	17,221	7
Repairs and maintenance	5,798	2	5,747	2	4,437	2
Insurance and loss reserves	4,808	2	2,734	1	2,706	1
Fuel, lubes and supplies	6,982	2	7,835	3	6,624	3
Leased-in equipment	14,102	5	9,649	3	7,613	3
Other	15,733	6	16,784	6	14,072	5
Net barge pool earnings attributable to third parties	13,052	5	11,520	4	10,445	4
	<u>229,418</u>	<u>86</u>	<u>237,010</u>	<u>83</u>	<u>206,836</u>	<u>83</u>
Administrative and general	13,140	5	13,139	5	16,558	7
Depreciation and amortization	23,262	9	24,164	8	25,852	10
	<u>265,820</u>	<u>100</u>	<u>274,313</u>	<u>96</u>	<u>249,246</u>	<u>100</u>
Gains on Asset Dispositions, Net	1,602	1	6,659	2	11,960	5
Operating Income	<u>3,116</u>	<u>1</u>	<u>18,034</u>	<u>6</u>	<u>11,166</u>	<u>5</u>
Other Income (Expense):						
Foreign currency gains (losses), net	(212)	—	(2,002)	—	272	—
Other, net	—	—	51	—	—	—
Equity in Losses of 50% or Less Owned Companies, Net of Tax	<u>(6,520)</u>	<u>(2)</u>	<u>(5,686)</u>	<u>(2)</u>	<u>(5,191)</u>	<u>(2)</u>
Segment Profit (Loss) ⁽¹⁾	<u><u>(3,616)</u></u>	<u><u>(1)</u></u>	<u><u>10,397</u></u>	<u><u>4</u></u>	<u><u>6,247</u></u>	<u><u>3</u></u>

(1) Includes amounts attributable to both SEACOR and noncontrolling interests. See Part IV “Note 13. Noncontrolling Interests in Subsidiaries” included in this Annual Report on Form 10-K.

Operating Revenues by Service Line. The following table presents, for the years indicated, operating revenues by service line.

	2019		2018		2017	
	Amount	Percent	Amount	Percent	Amount	Percent
	\$ '000	%	\$ '000	%	\$ '000	%
<i>As Adjusted</i>						
Operating Revenues:						
Bulk Transportation Services:						
Dry-cargo barge pools ⁽¹⁾	193,178	72	208,429	73	179,054	72
Charter-out of dry-cargo barges	—	—	5	—	2,164	1
International liquid tank barge operations	9,139	3	10,946	4	10,026	4
Boat, specialty barge and other operations	7,119	2	3,602	1	2,612	1
Port & Infrastructure Services:						
Terminal operations	17,878	7	22,991	8	23,159	9
Fleeting operations	20,066	8	20,450	7	17,951	7
Machine shop and shipyard	2,877	1	3,031	1	2,626	1
Logistics services	15,155	6	14,309	5	8,868	4
Managed services	1,922	1	1,925	1	1,992	1
	<u>267,334</u>	<u>100</u>	<u>285,688</u>	<u>100</u>	<u>248,452</u>	<u>100</u>

(1) Operating revenues for the years ended December 31, 2019, 2018 and 2017, includes \$82.7 million, \$87.7 million and \$73.0 million, respectively, attributable to third-party barge owners participating in dry-cargo barge pools managed by the Company.

2019 compared with 2018

Operating Revenues. Operating revenues were \$18.4 million lower in 2019 compared with 2018 primarily due to prolonged flooding throughout the U.S. Inland Waterways resulting in severe disruption to Inland Services operations.

Operating revenues from bulk transportation services were \$13.5 million lower in 2019 compared with 2018. Operating revenues from the dry-cargo barge pools were \$15.3 million lower primarily due to severe disruptions related to river flooding during the summer and the impact of weaker export demand due to the placement of tariffs on certain goods, primarily grain exports. Operating revenues from international liquid tank barge operations were \$1.8 million lower primarily due to reduced high sulfur fuel oil movements in anticipation of new environmental restrictions beginning in 2020. Operating revenues from boat, specialty barge and other operations were \$3.5 million higher primarily due to the adoption of the new lease accounting standard and one newly built towboat being placed into service during the fourth quarter of 2019.

Operating revenues from port and infrastructure services were \$5.7 million lower in 2019 compared with 2018. Prolonged flooding and a 45-day closure of the St. Louis harbor restricted terminal and fleeting operations. Volumes handled by the company's terminal operations were 28% lower in 2019 compared with 2018.

Operating revenues from logistics services were \$0.8 million higher primarily due to increased drayage activity.

Operating Expenses. Operating expenses were \$7.6 million lower in 2019 compared with 2018.

Barge logistics expenses were \$13.7 million lower, primarily due to lower towing and switching costs as a consequence of the severe disruption to bulk transportation services caused by river flooding and the impact of tariffs on certain goods. Insurance and loss reserves were \$2.1 million higher primarily due to additional insurance claim deductibles in 2019 including costs incurred from damage in the St. Louis harbor caused by flooding. Fuel, lubes and supplies were \$0.9 million lower primarily due to lower fuel usage from harbor boat activity as a consequence of the severe flooding noted above. Leased-in equipment expenses were \$4.5 million higher primarily due to the adoption of the new lease accounting standard partially offset by lower bought-in freight expenses for Inland Services' dry-cargo barge operations as a consequence of lower demand.

Depreciation and Amortization. Depreciation and amortization expenses were \$0.9 million lower in 2019 compared with 2018 primarily due to certain liquid terminal assets being fully depreciating during 2018 partially offset by placing certain terminal equipment into service during 2019.

Gains on Asset Dispositions, Net. During 2019, Inland Services sold other equipment for net proceeds of \$0.7 million and gains of \$0.3 million. In addition, Inland Services recognized previously deferred gains of \$1.3 million. During 2018, Inland Services sold 32 inland river dry-cargo barges, two specialty barges and other equipment for net proceeds of \$10.9 million and gains of \$4.7 million. In addition, Inland Services recognized previously deferred gains of \$2.0 million.

Operating Income. Excluding the impact of gains on asset dispositions, net, operating income as a percentage of operating revenues was 0% in 2019 compared with 4% in 2018. The decrease was primarily due to lower earnings from the dry-cargo barge pools and terminal and fleeting operations as a consequence of lower demand.

Foreign Currency Gains (Losses), Net. During 2019, Inland Services recognized \$0.2 million in foreign currency losses, net primarily due to changes in the exchange rate between the Colombian peso and U.S. dollar underlying certain intercompany lease obligations.

Equity in Losses of 50% or Less Owned Companies, Net of Tax. During 2019 and 2018, Inland Services recognized \$6.5 million and \$5.7 million, respectively, of equity losses in 50% or less owned companies, net of tax. During 2019, operating results for SCF Bunge Marine LLC ("SCF Bunge Marine"), Inland Services' 50% or less owned company that operates towboats on the U.S. Inland Waterways, were \$0.9 million lower primarily due to poor operating conditions as a result of river closures, flooding, and tow size restrictions. Operating results for Bunge-SCF Grain LLC ("Bunge-SCF Grain"), Inland Services' 50% or less owned company that operates grain elevators in Illinois, were \$1.4 million higher due to higher grain volumes handled at its inland facilities. Operating results for SCFCo Holdings LLC ("SCFCo"), Inland Services' 50% or less owned company that operates on the Parana-Paraguay Waterway in South America, were \$1.4 million lower primarily due to a reduction in volumes due to lower water levels and market demand.

2018 compared with 2017

Operating Revenues. Operating revenues were \$37.2 million higher in 2018 compared with 2017.

Operating revenues from bulk transportation services were \$29.1 million higher in 2018 compared with 2017. Operating revenues from the dry-cargo barge pools were \$29.4 million higher primarily due to increased loadings and higher freight rates. Operating revenues from the charter-out of dry-cargo barges were \$2.2 million lower primarily due to barges coming off charter and being placed in the dry-cargo barge pools or being sold. Operating revenues from international liquid tank barge operations were \$0.9 million higher primarily due to an increase in volumes moved. Operating revenues from boat, specialty barge and other operations were \$1.0 million higher primarily due to a full year of operation of one newly built towboat placed into service during the fourth quarter of 2017.

Operating revenues from port and infrastructure services were \$2.7 million higher in 2018 compared with 2017. Operating revenues from fleeting operations were \$2.5 million higher primarily due to higher activity levels in the St. Louis harbor.

Operating revenues from logistics services were \$5.4 million higher primarily due to increased container movements.

Operating Expenses. Operating expenses were \$30.2 million higher in 2018 compared with 2017. Barge logistics expenses were \$21.3 million higher, primarily due to higher towing and switching costs as a consequence of higher activity levels and increased towing rates. Personnel costs were \$0.5 million higher primarily due to higher activity levels at Inland Services' terminal and fleeting locations in the St. Louis harbor. Repairs and maintenance costs were \$1.3 million higher primarily due to scheduled maintenance for certain of Inland Services' barges and harbor boats. Fuel, lubes and supplies were \$1.2 million higher primarily due to increased activity in Inland Services' fleeting locations and higher fuel prices. Leased-in equipment expense was \$2.0 million higher primarily due to bought in barges needed to fill freight commitments in Inland Services' dry-cargo barge operations. Other operating expenses were \$3.8 million higher primarily due to the increase in container movements and higher terminal trucking expenses.

Administrative and General. Administrative and general expenses were \$3.4 million lower in 2018 compared with 2017 primarily due to the acceleration of vesting of certain share awards in advance of changes to the U.S. federal income tax code in 2017.

Depreciation and Amortization. Depreciation and amortization expenses were \$1.7 million lower in 2018 compared with 2017 primarily due to the sale of 32 inland river dry-cargo barges in the first quarter of 2018.

Gains on Asset Dispositions, Net. During 2018, Inland Services sold 32 inland river dry-cargo barges, two specialty barges and other equipment for net proceeds of \$10.9 million and gains of \$4.7 million. In addition, Inland Services recognized previously deferred gains of \$2.0 million. During 2017, Inland Services sold two inland river towboats, 50 inland river dry-cargo barges, one specialty barge and other equipment for net proceeds of \$27.6 million and gains of \$17.7 million, of which \$10.0 million were recognized currently and \$7.7 million were deferred. Equipment dispositions included the sale-leaseback of 50 inland river dry-cargo barges for \$12.5 million with leaseback terms of 84 months. In addition, Inland Services recognized losses of \$0.3 million related to the total loss of an inland river liquid tank barge while being transported to Colombia and recognized previously deferred gains of \$2.3 million.

Operating Income. Excluding the impact of gains on asset dispositions, net, operating income as a percentage of operating revenues was 4% in 2018 compared with 0% in 2017. The increase was primarily due to higher earnings from the dry-cargo barge pools.

Foreign Currency Gains (Losses), Net. During 2018, Inland Services recognized \$2.0 million in foreign currency losses primarily due to the weakening of the Colombian peso versus the U.S. dollar underlying certain intercompany lease obligations.

Equity in Losses of 50% or Less Owned Companies, Net of Tax. During 2018 and 2017, Inland Services recognized \$5.7 million and \$5.2 million, respectively, of equity losses in 50% or less owned companies, net of tax. During 2018, equity in losses of 50% or less owned companies, net of tax, increased by \$0.5 million. Operating results for Bunge-SCF Grain were \$3.5 million lower. Operating results for SCFCo were \$2.4 million higher primarily due to higher demand for barge transportation and favorable operating conditions. Operating results for SCF Bunge Marine improved primarily due to favorable operating conditions, operating an additional towboat and higher towing rates.

Witt O'Brien's

Witt O'Brien's results declined in 2019. The majority of the decrease was driven by a reduction in recovery project volumes following the major natural disasters that struck the U.S. during 2017 and 2018, including the hurricanes causing significant damage in the Caribbean and Puerto Rico. Several of these projects have either been successfully completed or have reduced in scope as work has progressed. There was also comparatively little disaster activity in 2019, compared with 2017 and 2018, leading to a decline in new response and recovery projects. Witt O'Brien's continues to serve territory, state and local governments in the U.S. Virgin Islands, Texas, North Carolina, Florida, New Jersey and California, as well as a wide variety of corporate customers. Many of Witt O'Brien's public and private sector projects that were in progress at the end of 2019 continue into 2020.

Results of Operations

The number of retainer customers, private and public sector consulting engagements and the number, severity and location of natural and man-made disasters are the key determinants of Witt O'Brien's operating results and cash flows.

For the years ended December 31, the results of operations for Witt O'Brien's were as follows:

	2019		2018		2017	
	Amount	Percent	Amount	Percent	Amount	Percent
	\$ '000	%	\$ '000	%	\$ '000	%
Operating Revenues:						
United States	98,492	97	129,039	98	46,041	94
Foreign	3,291	3	2,670	2	3,115	6
	101,783	100	131,709	100	49,156	100
Costs and Expenses:						
Operating	68,052	67	83,203	63	32,017	65
Administrative and general	25,959	25	24,772	19	13,438	27
Depreciation and amortization	835	1	1,944	1	819	2
	94,846	93	109,919	83	46,274	94
Gains on Asset Dispositions	18	—	—	—	—	—
Operating Income	6,955	7	21,790	17	2,882	6
Other Income (Expense):						
Foreign currency gains (losses), net	(1)	—	(28)	—	50	—
Other, net	(463)	(1)	—	—	—	—
Equity in Earnings of 50% or Less Owned Companies, Net of Tax	902	1	203	—	174	—
Segment Profit	7,393	7	21,965	17	3,106	6

2019 compared with 2018

Operating Revenues. Operating revenues were \$29.9 million lower primarily due to the completion and stage of certain post-disaster response and recovery services that were provided to territory, state and local governments across the U.S. Virgin Islands, Texas, North Carolina, Florida and California. There was also comparatively less disaster activity in 2019 compared with 2018 and 2017, leading to a decline in new response and recovery projects.

Operating Expenses. Operating expenses were \$15.2 million lower primarily due to decreased subcontracted labor costs consistent with the lower operating revenues discussed above.

Administrative and General. Administrative and general expenses were \$1.2 million higher primarily due to expenses incurred in business development.

Depreciation and Amortization. Depreciation and amortization expenses were \$1.1 million lower primarily due to certain intangible assets becoming fully depreciated in 2018.

Operating Income. Operating income was 7% of operating revenues in 2019 compared with 17% in 2018. The decrease was primarily due to the mix of post-disaster response and recovery services provided to territory, state and local governments across the U.S. Virgin Islands, Texas, North Carolina, Florida and California and the related costs.

Equity in Earnings of 50% or Less Owned Companies, Net of Tax. Equity in earnings of 50% or less owned companies, net of tax was \$0.7 million higher in 2019 compared with 2018 primarily due to increased emergency response services for O'Brien's do Brasil Consultoria em Emergencias e Meio Ambiente A/A ("O'Brien's do Brazil") in both the mining and energy sectors in Brazil.

2018 compared with 2017

Operating Revenues. Operating revenues were \$82.6 million higher primarily due to post-disaster response and recovery services provided to territory, state and local governments across the U.S. Virgin Islands, Texas, North Carolina, Florida, California and Puerto Rico.

Operating Expenses. Operating expenses were \$51.2 million higher primarily due to increased subcontracted labor costs consistent with the higher operating revenues discussed above.

Administrative and General. Administrative and general expenses were \$11.3 million higher primarily due to expanded back-office functions required to support the increased operating activities discussed above.

Depreciation and Amortization. Depreciation and amortization expenses were \$1.1 million higher primarily due to additional intangible assets resulting from the acquisition of Strategic Crisis Advisors LLC.

Operating Income. Operating income was 17% of operating revenues in 2018 compared with 6% in 2017. The improvement was primarily due to post-disaster response and recovery services provided to territory, state and local governments across the U.S. Virgin Islands, Texas, North Carolina, Florida, California and Puerto Rico.

Other

For the years ended December 31, segment loss for the Company's Other activities was as follows:

	2019		2018		2017	
	Amount	Percent	Amount	Percent	Amount	Percent
	\$ '000	%	\$ '000	%	\$ '000	%
Operating Revenues:						
United States	7,681	100	3,446	96	—	—
Foreign	—	—	143	4	464	100
	<u>7,681</u>	<u>100</u>	<u>3,589</u>	<u>100</u>	<u>464</u>	<u>100</u>
Costs and Expenses:						
Operating	5,464	71	2,455	69	—	—
Administrative and general	3,489	45	1,841	51	831	179
Depreciation and amortization	1,982	26	501	14	—	—
	<u>10,935</u>	<u>142</u>	<u>4,797</u>	<u>134</u>	<u>831</u>	<u>179</u>
Gains on Asset Dispositions, Net	32	—	37	1	—	—
Operating Loss	<u>(3,222)</u>	<u>(42)</u>	<u>(1,171)</u>	<u>(33)</u>	<u>(367)</u>	<u>(79)</u>
Other Income (Expense):						
Foreign currency gains (losses), net	—	—	(3)	—	6	1
Other, net	431	6	54,249	n/m	(301)	(65)
Equity in Earnings of 50% or Less Owned Companies, Net of Tax	1,037	13	1,779	50	305	66
Segment Profit (Loss) ⁽¹⁾	<u>(1,754)</u>	<u>(23)</u>	<u>54,854</u>	<u>n/m</u>	<u>(357)</u>	<u>(77)</u>

(1) Includes amounts attributable to both SEACOR and noncontrolling interests. See Part IV "Note 13. Noncontrolling Interests in Subsidiaries" included in this Annual Report on Form 10-K.

"n/m" The balance as a percentage of operating revenues is not meaningful.

Operating Activities. Operating results primarily consist of the business activities of Cleancor, which the Company acquired on June 1, 2018. Operating results in 2019 were lower as a consequence of re-certification costs for certain equipment and the addition of personnel and equipment following an expansion of Cleancor's fleet and services.

Other, Net. Other, net in 2018 primarily consists of a gain of \$53.9 million on the sale of the Company's 34.2% interest in Hawker Pacific Airservices Limited ("Hawker Pacific").

Equity in Earnings of 50% or Less Owned Companies, Net of Tax. The Company's 50% or less owned companies primarily consist of general aviation services businesses in Asia, including Hawker Pacific prior to its sale in 2018, and an agricultural commodity trading and logistics business.

Corporate and Eliminations

	2019	2018	2017
	\$ '000	\$ '000	\$ '000
Corporate Expenses	(24,295)	(24,767)	(37,923)
Eliminations	32	125	78
Operating Loss	<u>(24,263)</u>	<u>(24,642)</u>	<u>(37,845)</u>
Other Income (Expense):			
Derivative gains	—	—	19,727
Foreign currency gains (losses), net	(1)	(63)	125
Other, net	10	94	230

Corporate Expenses. Corporate expenses in 2017 included \$5.3 million and \$6.4 million of share award expense as a consequence of the accelerated vesting of certain share awards in advance of changes to the U.S. federal income tax code and the Spin-off, respectively.

Derivative Gains. Derivative gains in 2017 were primarily due to the mark-to-market of the Company's exchange option liability on subsidiary convertible senior notes. The exchange option liability on these notes terminated on June 1, 2017 as a consequence of the Spin-off.

Other Income (Expense) not included in Segment Profit

	2019	2018	2017
	\$'000	\$'000	\$'000
Interest income	7,471	8,730	8,547
Interest expense	(19,233)	(31,683)	(41,530)
Debt extinguishment losses, net	(2,244)	(11,626)	(819)
Marketable security gains (losses), net	18,394	(12,431)	(1,782)
	<u>4,388</u>	<u>(47,010)</u>	<u>(35,584)</u>

Interest Income. Interest income in 2019 was \$1.3 million lower compared with 2018 primarily due to lower invested cash balances and lower interest rates.

Interest Expense. Interest expense was \$12.5 million lower in 2019 compared with 2018 primarily due to the redemption of the Company's 7.375% Senior Notes due 2019 (the "7.375% Senior Notes") in October 2018, lower debt balances on the Company's 3.0% Convertible Senior Notes due 2028 (the "3.0% Convertible Senior Notes") and lower balances on the SEA-Vista 2015 Credit Facility partially offset by interest on the Company's 3.25% Convertible Senior Notes due 2030 (the "3.25% Convertible Senior Notes") issued in May 2018. Interest expense was \$9.8 million lower in 2018 compared with 2017 primarily due to lower debt balances on the Company's 2.5% Convertible Senior Notes due 2027 (the "2.5% Convertible Senior Notes") and 3.0% Convertible Senior Notes, lower balances on the SEA-Vista 2015 Credit Facility and the redemption of the 7.375% Senior Notes in October 2018, partially offset by interest on the 3.25% Convertible Senior Notes issued in May 2018 and lower capitalized interest.

Debt Extinguishment Losses, Net. During 2019, the Company purchased \$57.2 million in principal amount of its 3.0% Convertible Senior Notes for total consideration of \$56.2 million resulting in losses on debt extinguishment of \$2.1 million.

During 2018, the Company exchanged \$117.8 million aggregate principal amount of the Company's outstanding 3.0% Convertible Senior Notes for a like principal amount of new 3.25% Convertible Senior Notes and purchased \$4.9 million in principal amount of its 3.0% Convertible Senior Notes for total consideration of \$4.7 million. In addition, prior to the redemption, the Company purchased \$5.7 million in principal amount of its 7.375% Senior Notes for \$5.9 million. On October 31, 2018, the Company redeemed the remaining \$147.4 million in principal amount of its 7.375% Senior Notes for \$153.0 million including a make-whole premium of \$5.6 million calculated in accordance with the terms of the indenture.

During 2017, the Company purchased \$7.6 million in principal amount of its 7.375% Senior Notes for \$7.7 million resulting in losses on debt extinguishment of \$0.2 million and purchased \$61.7 million in principal amount of its 2.5% Convertible Senior Notes for \$61.9 million resulting in gains on debt extinguishment of \$0.1 million. In addition, SEA-Vista made unscheduled payments of \$133.6 million on the SEA-Vista 2015 Credit Facility following a sale-leaseback transaction for one of its vessels, which resulted in losses on debt extinguishment of \$0.7 million.

Marketable Security Gains (Losses), Net. Marketable security gains (losses), net in all periods primarily relate to marking-to-market the Company's long marketable security position in Dorian LPG Ltd ("Dorian"), a publicly traded company listed on the New York Stock Exchange under the symbol "LPG." During 2019, the Company sold the remainder of its Dorian common stock and its current marketable security portfolio primarily consists of investments in energy, marine, transportation and other related businesses.

Income Taxes

The Company's effective income tax rate in 2019, 2018, and 2017 was 20.0%, 9.2% and (190.9)%, respectively. See Part IV "Note 9. Income Taxes" included in this Annual Report on Form 10-K.

Liquidity and Capital Resources

General

The Company's ongoing liquidity requirements arise primarily from working capital needs, capital commitments and its obligations to repay debt. The Company may use its liquidity to fund acquisitions, repurchase shares of SEACOR common stock, par value \$0.01 per share ("Common Stock") for treasury, repurchase its outstanding notes or make other investments. Sources of liquidity are cash balances, marketable securities, cash flows from operations and availability under the Company's revolving credit facilities. From time to time, the Company may secure additional liquidity through asset sales or the issuance of debt, shares of Common Stock or common stock of its subsidiaries, preferred stock or a combination thereof.

The Company's capital commitments as of December 31, 2019 by year of expected payment were as follows (in thousands):

	2020	2021	2022	Total
Ocean Services	\$ 22,394	\$ 30,965	\$ 2,636	\$ 55,995
Inland Services	5,663	—	—	5,663
Other	582	—	—	582
	<u>\$ 28,639</u>	<u>\$ 30,965</u>	<u>\$ 2,636</u>	<u>\$ 62,240</u>

Subsequent to December 31, 2019, the Company committed to purchase two inland river dry-cargo barges and other property and equipment for \$2.5 million.

As of December 31, 2019, the Company had outstanding debt of \$314.5 million, net of discounts and issue costs, and letters of credit totaling \$1.2 million with various expiration dates through 2027. In addition, as of December 31, 2019, the Company guaranteed payments on behalf of SEACOR Marine totaling \$22.9 million, under certain sale-leaseback transactions, equipment financing and multi-employer pension obligations. These guarantees continue to be contingent obligations of the Company because the beneficiary of the guarantees did not release the Company from its obligations in connection with the Spin-off and decline as payments are made by SEACOR Marine on the underlying obligations. The Company earns a fee from SEACOR Marine of 0.5% per annum on the amount of the obligations under these guarantees.

As of December 31, 2019, the holders of the Company's 3.0% Convertible Senior Notes (\$50.0 million outstanding), 2.5% Convertible Senior Notes (\$64.5 million outstanding) and 3.25% Convertible Senior Notes (\$117.8 million outstanding) may require the Company to repurchase such notes on November 19, 2020, December 19, 2022 and May 15, 2025, respectively, pursuant to the indentures governing such notes. The Company's long-term debt maturities, assuming the holders of the aforementioned convertible senior notes require the Company to repurchase the notes on those dates, are as follows (in thousands):

2020	\$ 60,630
2021	10,499
2022	74,958
2023	10,368
2024	60,244
Years subsequent to 2024	123,536
	<u>\$ 340,235</u>

SEACOR's Board of Directors previously approved a securities repurchase plan that authorizes the Company to acquire its Common Stock, 3.0% Convertible Senior Notes, 2.5% Convertible Senior Notes and 3.25% Convertible Senior Notes collectively the ("Securities"), through open market purchases, privately negotiated transactions or otherwise, depending on market conditions. On June 5, 2019, SEACOR's Board of Directors increased the Company's repurchase authority for the Securities to \$150.0 million. As of December 31, 2019, the Company's remaining repurchase authority for the Securities was \$129.9 million. Subsequent to December 31, 2019, the Company purchased an additional \$2.2 million in principal amount of its 3.0% Convertible Senior Notes for total consideration of \$2.2 million.

As of December 31, 2019, the Company held balances of cash, cash equivalents, restricted cash, restricted cash equivalents and marketable securities totaling \$86.4 million. Additionally, the Company had \$225.0 million available under its revolving credit facilities.

Summary of Cash Flows

	2019	2018	2017
	\$ '000	\$ '000	\$ '000
Cash provided by or (used in):			
Operating Activities-Continuing Operations	119,273	49,428	107,575
Operating Activities-Discontinued Operations	—	—	12,811
Investing Activities-Continuing Operations	(32,568)	80,492	115,866
Investing Activities-Discontinued Operations	—	—	2,720
Financing Activities-Continuing Operations	(155,471)	(224,799)	(249,646)
Financing Activities-Discontinued Operations	—	—	(7,149)
Effect of Exchange Rate Changes on Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents-Continuing Operations	(2)	(137)	956
Effect of Exchange Rate Changes on Cash and Cash Equivalents-Discontinued Operations	—	—	208
Net Decrease in Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents	<u>(68,768)</u>	<u>(95,016)</u>	<u>(16,659)</u>

Operating Activities

Cash flows provided by continuing and discontinued operating activities increased \$69.8 million during 2019 compared with 2018 and decreased \$71.0 million during 2018 compared with 2017. The components of cash flows provided by (used in) operating activities during the years ended December 31, were as follows:

	2019	2018	2017
	\$ '000	\$ '000	\$ '000
Operating income from continuing operations before depreciation, amortization and gains on asset dispositions and impairments, net	110,816	140,995	113,904
Operating loss from discontinued operations before depreciation, amortization and gains on asset dispositions and impairments, net	—	—	(33,509)
Changes in operating assets and liabilities before interest and income taxes	(37,318)	(46,574)	(46,869)
Purchases of marketable securities	(5,752)	—	(1,720)
Proceeds from sales of marketable securities	46,526	14	52,551
Cash settlements on derivative transactions, net	—	—	1,267
Dividends received from 50% or less owned companies	100	5,907	14,533
Interest paid, excluding capitalized interest ⁽¹⁾	(12,903)	(26,880)	(32,341)
Income taxes (paid) refunded, net	3,448	(27,166)	8,195
Other ⁽²⁾	14,356	3,132	44,375
Total cash flows provided by continuing and discontinued operating activities	<u>119,273</u>	<u>49,428</u>	<u>120,386</u>

(1) During 2019, 2018 and 2017, capitalized interest paid and included in purchases of property and equipment for continuing and discontinued operations was \$0.1 million, \$0.2 million and \$4.7 million, respectively.

(2) Primarily includes interest income, amortization of stock expense and amortization of previously deferred gains.

Operating income from continuing operations before depreciation, amortization and gains on asset dispositions and impairments, net decreased \$30.2 million during 2019 compared with 2018 and increased \$27.1 million during 2018 compared with

2017. See “Consolidated Results of Operations” included above for a discussion of the results for each of the Company’s business segments.

During 2019, cash provided by operating activities of continuing and discontinued operations included \$46.5 million received from the sale of marketable security long positions and \$5.8 million of cash used to purchase long marketable securities. During 2017, cash provided by operating activities of continuing and discontinued operations included \$52.6 million received from the sale of marketable security long positions and \$1.7 million of cash used to cover marketable security short positions.

During 2017 other also includes an \$18.2 million gain on the sale of ICP.

Investing Activities

During 2019, net cash used in investing activities of continuing operations was \$32.6 million primarily as follows:

- Capital expenditures were \$37.8 million including the delivery of one U.S.-flag harbor tug and two inland river towboats, the acquisition of real property, upgrades to inland river towboats and the construction of other Inland Services equipment.
- The Company sold one foreign-flag short-sea container/RORO vessel and other equipment for cash proceeds of \$2.5 million.
- The Company made investments in, and advances to, 50% or less owned companies of \$6.0 million including \$4.7 million to Rail Ferry Vessel Holdings LLC (“RF Vessel Holdings”), \$0.5 million to Golfo de Mexico Rail Ferry Holdings LLC (“Golfo de Mexico”), \$0.5 million to VA&E Trading LLP (“VA&E”) and \$0.3 million to SCF Bunge Marine.
- The Company received capital distributions of \$3.7 million from its 50% or less owned company VA&E.
- The Company received net payments on third-party leases and notes receivables of \$1.1 million.

During 2018, net cash provided by investing activities of continuing operations was \$80.5 million primarily as follows:

- Capital expenditures were \$50.3 million. Equipment deliveries included five U.S.-flag harbor tugs and two foreign-flag short-sea container/RORO vessels.
- The Company sold one U.S.-flag petroleum and chemical carrier, one U.S.-flag harbor tug, 32 inland river dry-cargo barges, two inland river specialty barges and other property and equipment for net proceeds of \$16.1 million.
- The Company made investments in, and advances to, 50% or less owned companies of \$20.6 million including \$9.1 million to RF Vessel Holdings, \$4.6 million to Golfo de Mexico, \$5.4 million to VA&E, \$1.0 million to KSM and \$0.5 million to SCF Bunge Marine.
- The Company received \$9.0 million from its 50% or less owned companies, including \$5.4 million from VA&E, \$2.6 million from SCFCo and \$0.6 million from an industrial aviation business.
- On April 30, 2018, the Company sold its interest in Hawker Pacific for \$78.0 million.
- The Company received payments on third-party leases and notes receivables of \$0.5 million.

During 2017, net cash provided by investing activities of continuing operations was \$115.9 million primarily as follows:

- Capital expenditures were \$114.6 million. Equipment deliveries included three U.S.-flag petroleum and chemical carriers, one U.S.-flag harbor tug, two foreign-flag harbor tugs, two inland river liquid tank barges and three inland river towboats.
- The Company sold one U.S.-flag petroleum and chemical carrier, two inland river towboats, 50 inland river dry-cargo barges, two inland river specialty barges and other property and equipment for net proceeds of \$164.8 million. Equipment dispositions included the sale-leaseback of one U.S.-flag petroleum and chemical carrier for \$134.9 million with a leaseback term of 104 months and 50 inland river dry-cargo barges for \$12.5 million with leaseback terms of 84 months.
- The Company made investments in, and advances to, 50% or less owned companies of \$9.7 million including \$2.0 million to Trailer Bridge, \$2.9 million to SCFCo, \$3.5 million to VA&E and \$1.0 million to Avion Pacific Limited (“Avion”).
- The Company received \$12.1 million from its 50% or less owned companies, including \$6.0 million from Trailer Bridge, \$1.7 million from SCFCo and \$4.0 million from Avion.
- The Company received capital distributions of \$3.5 million from SeaJon.

- The Company received \$5.0 million from the sale of a controlling interest in a subsidiary.
- The Company received payments on third-party leases and notes receivables of \$24.5 million.
- On July 3, 2017, the Company acquired all of the equity of ISH for a net purchase price of (\$5.9) million, net of cash acquired of \$16.4 million.

During 2017, net cash provided by investing activities of discontinued operations was \$2.7 million primarily as follows:

- Offshore Marine Services used net cash of \$17.3 million related to the purchase and sale of equipment.
- Illinois Corn Processing used net cash of \$1.2 million for the purchase of equipment.
- Offshore Marine Services received net cash of \$4.1 million from construction reserve funds and restricted cash.
- Offshore Marine Services received net distributions of \$5.0 million from its 50% or less owned companies.
- Offshore Marine Services used \$7.8 million for business consolidations and acquisitions.
- The Company received \$19.9 million from the sale of its controlling interest in Illinois Corn Processing.

Financing Activities

During 2019, net cash used in financing activities of continuing operations was \$155.5 million. The Company:

- purchased \$57.2 million in principal amount of its 3.0% Convertible Senior Notes for total consideration of \$56.2 million of which \$56.0 million was allocated to the debt and \$0.1 million was allocated to the conversion option embedded in the 3.0% Convertible Senior Notes;
- borrowed \$25.0 million and repaid \$25.0 million under the SEACOR Revolving Credit Facility and incurred issuance costs of \$2.2 million;
- repaid \$88.0 million under the SEA-Vista 2015 Credit Facility;
- borrowed \$100.0 million under the SEA-Vista 2019 Credit Facility and incurred issuance costs of \$2.1 million;
- made other scheduled payments on long-term debt of \$0.6 million;
- paid dividends to noncontrolling interests in subsidiaries of \$5.2 million;
- acquired 3,912 shares of Common Stock for treasury for an aggregate purchase price of \$0.1 million;
- acquired 8,338 shares of Common Stock for treasury for an aggregate purchase price of \$0.4 million from its employees to cover their tax withholding obligations related to the vesting of equity awards. These shares were purchased in accordance with the terms of the Company's Share Incentive Plans and not pursuant to the repurchase authorizations granted by SEACOR's Board of Directors;
- received \$6.9 million from share award plans; and
- paid \$107.7 million in cash and issued 1,500,000 shares of Common Stock in exchange for subsidiary shares from noncontrolling interests.

During 2018, net cash used in financing activities of continuing operations was \$224.8 million. The Company:

- purchased \$5.7 million in principal amount of its 7.375% Senior Notes for \$5.9 million. On October 31, 2018, the Company redeemed the remaining \$147.4 million in principal amount of its 7.375% Senior Notes for \$153.0 million including a make-whole premium of \$5.6 million;
- purchased \$4.9 million in principal amount of its 3.0% Convertible Senior Notes for total consideration of \$4.7 million;
- repaid \$47.7 million under the SEA-Vista 2015 Credit Facility;
- repaid the outstanding balance of \$12.2 million under the ISH Term Loan;
- repaid the outstanding balance of \$1.4 million of other debt assumed in the ISH acquisition;
- made other scheduled payments on long-term debt of \$0.6 million;
- incurred costs of \$2.5 million related to the exchange of \$117.8 million aggregate principal amount of the Company's outstanding 3.0% Convertible Senior Notes for a like principal amount of new 3.25% Convertible Senior Notes;

- paid dividends to noncontrolling interests in subsidiaries of \$5.1 million; and
- received \$8.4 million from share award plans.

During 2017, net cash used in financing activities of continuing operations was \$249.6 million. The Company:

- purchased \$7.6 million in principal amount of its 7.375% Senior Notes for \$7.7 million;
- purchased \$61.7 million in principal amount of its 2.5% Convertible Senior Notes for total consideration of \$61.9 million. Consideration of \$60.5 million was allocated to the settlement of the long-term debt and \$1.4 million was allocated to the purchase of the conversion option embedded in the 2.5% Convertible Senior Notes. In addition, the Company purchased \$31.0 million in principal amount of its 2.5% Convertible Senior Notes that were validly surrendered in the Company's offer to purchase such notes for total consideration of \$31.0 million;
- borrowed \$44.9 million and repaid \$188.4 million under the SEA-Vista 2015 Credit Facility;
- repaid \$12.8 million under the ISH Credit Facility;
- made other scheduled payments on long-term debt and capital lease obligations of \$3.0 million;
- acquired 212,659 shares of Common Stock for treasury for an aggregate purchase price of \$12.3 million from its employees to cover their tax withholding obligations related to share award transactions. These shares were purchased in accordance with the terms of the Company's Share Incentive Plans and not pursuant to the repurchase authorizations granted by SEACOR's Board of Directors; and
- received \$22.6 million from share award plans.

During 2017, net cash used in financing activities of discontinued operations was \$7.1 million primarily due to a \$7.4 million dividend payment to noncontrolling interests made by ICP.

Short and Long-Term Liquidity Requirements

The Company anticipates it will continue to generate positive cash flows from operations and that these cash flows will be adequate to meet the Company's working capital requirements. In support of the Company's capital expenditure program and debt service requirements, the Company believes that a combination of cash balances on hand, cash generated from operating activities, funding under the Company's revolving credit facilities and access to the credit and capital markets will provide sufficient liquidity to meet its obligations. The Company continually evaluates possible acquisitions and dispositions of certain businesses and assets. The Company's sources of liquidity may be impacted by the general condition of the markets in which it operates and the broader economy as a whole, which may limit its access to the credit and capital markets on acceptable terms. Management will continue to closely monitor the Company's liquidity and the credit and capital markets.

Off-Balance Sheet Arrangements

On occasion, the Company and its partners will guarantee certain obligations on behalf of their 50% or less owned companies. As of December 31, 2019, the Company guaranteed payments on behalf of SEACOR Marine totaling \$22.9 million, under certain sale-leaseback transactions, equipment financing and multi-employer pension obligations. These guarantees continue to be contingent obligations of the Company because the beneficiary of the guarantees did not release the Company from its obligations in connection with the Spin-off and decline as payments are made by SEACOR Marine on the underlying obligations. The Company earns a fee from SEACOR Marine of 0.5% per annum on the amount of the obligations under these guarantees.

Contractual Obligations and Commercial Commitments

The following table summarizes the Company's contractual obligations and other commercial commitments and their aggregate maturities as of December 31, 2019 (in thousands):

	Payments Due By Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	After 5 Years
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Contractual Obligations:					
Long-term Debt (including principal and interest) ⁽¹⁾	422,750	21,621	41,827	89,806	269,496
Capital Purchase Obligations ⁽²⁾	62,240	28,639	33,601	—	—
Operating Leases ⁽³⁾	163,285	41,914	65,171	29,134	27,066
Purchase Obligations ⁽⁴⁾	6,863	6,863	—	—	—
Other ⁽⁵⁾	800	185	392	87	136
	<u>655,938</u>	<u>99,222</u>	<u>140,991</u>	<u>119,027</u>	<u>296,698</u>
Other Commercial Commitments:					
Letters of Credit	1,242	842	—	—	400
	<u>657,180</u>	<u>100,064</u>	<u>140,991</u>	<u>119,027</u>	<u>297,098</u>

- (1) Estimated interest payments of the Company's borrowings are based on contractual terms and maturities. As of December 31, 2019, the holders of the Company's 3.0% Convertible Senior Notes (\$50.0 million outstanding), 2.5% Convertible Senior Notes (\$64.5 million outstanding) and 3.25% Convertible Senior Notes (\$117.8 million outstanding) may require the Company to repurchase the notes on November 19, 2020, December 19, 2022 and May 15, 2025, respectively. For purposes of this table, the Company has assumed holders of these notes will not exercise this option. See table in "General" above for the Company's long-term debt principal maturities assuming the holders of the aforementioned convertible notes require the Company to repurchase the notes on those dates.
- (2) Capital purchase obligations represent commitments for the purchase of property and equipment. These commitments are not recorded as liabilities on the Company's consolidated balance sheet as of December 31, 2019 as the Company has not yet received the goods or taken title to the property.
- (3) Operating leases include leases of petroleum and chemical carriers, inland river towboats, harbor tugs, barges, and other property with an initial term in excess of one year.
- (4) These commitments are for goods and services to be acquired in the ordinary course of business and are fulfilled by the Company's vendors within a short period of time.
- (5) Other primarily includes deferred compensation arrangements.

Debt Securities and Credit Agreements

For a discussion of the Company's debt securities and credit agreements see "Note 7. Long-Term Debt" in the Company's "Notes to Consolidated Financial Statements."

Effects of Inflation

The Company's operations expose it to the effects of inflation. In the event that inflation becomes a significant factor in the world economy, inflationary pressures could result in increased operating and financing costs.

Contingencies

During 2012, the Company sold National Response Corporation ("NRC"), NRC Environmental Services Inc., SEACOR Response Ltd., and certain other subsidiaries to J.F. Lehman & Company, a private equity firm (the "SES Business Transaction").

On December 15, 2010, O'Brien's Response Management L.L.C. ("ORM") and NRC were named as defendants in several "master complaints" filed in the overall multi-district litigation relating to the *Deepwater Horizon* oil spill response and clean-up in the Gulf of Mexico (the "DWH Response"), which is currently pending in the U.S. District Court for the Eastern District of Louisiana (the "MDL"). The "B3" master complaint naming ORM and NRC asserted various claims on behalf of a putative class against multiple defendants concerning the clean-up activities generally and the use of dispersants specifically. Both prior to and following the filing of the aforementioned "B3" master complaint, individual civil actions naming the Company, ORM, and/or NRC alleging B3 exposure-based injuries and/or damages were consolidated with the MDL and stayed pursuant to court order. On February 16, 2016, all but eleven "B3" claims against ORM and NRC were dismissed with prejudice (the "B3 Dismissal Order"). On August 2, 2016, the Court granted an omnibus motion for summary judgment as it concerns ORM and NRC in its entirety, dismissing the remaining eleven plaintiffs' claims against ORM and NRC with prejudice (the "Remaining Eleven Plaintiffs' Dismissal Order"). The deadline to appeal both of these orders has expired. The last remaining claim against the Company in connection with the "B3" master complaint was dismissed with prejudice, by an order of the Court granted on July 25, 2019.

On February 18, 2011, Triton Asset Leasing GmbH, Transocean Holdings LLC, Transocean Offshore Deepwater Drilling Inc., and Transocean Deepwater Inc. (collectively “Transocean”) named ORM and NRC as third-party defendants in a Rule 14(c) Third-Party Complaint in Transocean’s own Limitation of Liability Act action, which is part of the overall MDL, tendering to ORM and NRC the claims in the “B3” master complaint that have already been asserted against ORM and NRC. Various contribution and indemnity cross-claims and counterclaims involving ORM and NRC were subsequently filed. The Company believes that the potential exposure, if any, resulting therefrom has been reduced as a result of the various developments in the MDL, including the B3 Dismissal Order and Remaining Eleven Plaintiffs’ Dismissal Order, and does not expect that these matters will have a material effect on its consolidated financial position, results of operations or cash flows.

Separately, on March 2, 2012, the Court announced that BP Exploration and Production Inc. (“BPXP”) and BP America Production Company (“BP America,” and with BPXP, “BP”) and the Plaintiffs had reached an agreement on the terms of two proposed class action settlements that will resolve, among other things, Plaintiffs’ economic loss and property damage claims and clean-up related claims against BP. The Company, ORM, and NRC had no involvement in negotiating or agreeing to the terms of either settlement, nor are they parties or signatories thereto. The BP settlement pertaining to personal injury claims (the “Medical Settlement”) purported to resolve the “B3” claims asserted against BP and also established a right for class members to pursue individual claims against BP (but not ORM or NRC) for “later-manifested physical conditions,” defined in the Medical Settlement to be physical conditions that were “first diagnosed” after April 16, 2012 and which are claimed to have resulted from exposure during the DWH Response. The back-end litigation-option (“BELO”) provision of the Medical Settlement has specifically-delineated procedures and limitations, should any “B3” class member seek to invoke their BELO right. For example, there are limitations on the claims and defenses that can be asserted, as well as on the issues, elements, and proofs that may be litigated at any trial and the potential recovery for any Plaintiff. Notwithstanding that the Company, ORM, and NRC are listed on the Medical Settlement’s release as to claims asserted by Plaintiffs, the Medical Settlement still permits BP to seek indemnity from any party, to the extent BP has a valid indemnity right. The Medical Settlement was approved by the Court on January 11, 2013 and made effective on February 12, 2014.

As of mid-January 2020, BP has tendered approximately 2,380 claims pursuant to the Medical Settlement’s BELO provision for indemnity to ORM and approximately 230 of such claims to NRC. Recently, approximately 450 of the claims that were tendered by BP to ORM and approximately 35 of the claims tendered to NRC have been dismissed with prejudice. ORM and NRC have rejected all of BP’s indemnity demands relating to the Medical Settlement’s BELO provision and on February 14, 2019 commenced a legal action against BPXP and BP America with respect to same. That action, captioned *O’Brien’s Response Management, L.L.C. et al. v. BP Exploration & Production Inc. et al.*, Case No. 2:19-CV-01418-CJB-JCW (E.D. La.) (the “Declaratory Judgment Action”), seeks declaratory relief that neither ORM nor NRC have any indemnity obligation to BP with respect to the exposure-based claims expressly contemplated by the Medical Settlement’s BELO provision, nor any contribution, in light of BP’s own actions and conduct over the past nine years (including its complete failure to even seek indemnity) and the resultant prejudice to ORM and NRC; that any indemnity or contribution rights BP may have once had with respect to these personal injury and exposure claims were extinguished once the Medical Settlement was approved by the MDL Court in 2013; and that the immunity already afforded to ORM and NRC via the B3 Dismissal Order and the Remaining Eleven Plaintiffs’ Dismissal Order operates to bar any indemnity or contribution claims against them by BP. BP subsequently proceeded to begin tendering personal injury claims to ORM and NRC that are being pursued by plaintiffs who opted out of the Medical Settlement and who are thus proceeding with their “B3” claims in their ordinary course (as opposed to pursuant to the Medical Settlement’s BELO provision). ORM and NRC also rejected these demands, and amended its Declaratory Judgment Action on December 11, 2019 to cover BP’s indemnity demands for these opt out claims as well.

On October 16, 2019, BP asserted four amended counterclaims against ORM and NRC, as well as two claims against ORM’s insurer (Navigators). Those amended counterclaims are breach of contract against ORM for failing to indemnify BP or name BP as an additional insured on the Navigators policy, declaratory judgment that NRC must indemnify BP under certain circumstances, and unjust enrichment against ORM and NRC. ORM and NRC moved to dismiss the last three of those counterclaims. That motion to dismiss was fully briefed as of January 10, 2020, and remains pending. The Court also ordered the parties to file simultaneous judgment on the pleadings briefs by February 14, 2020, and any oppositions by March 16, 2020.

Generally, the Company, ORM, and NRC believe that BP’s indemnity demands with respect to any “B3” claims, including those involving Medical Settlement class members invoking BELO rights and those involving Medical Settlement opt-out Plaintiffs, are untimely and improper, and intend to vigorously defend their interests. Moreover, ORM has contractual indemnity coverage for the above-referenced claims through its separate agreements with sub-contractors that worked for ORM during the DWH Response and has preserved their rights in that regard while the Declaratory Judgment Action is pending. Overall, however, the Company believes that both of BP’s settlements have reduced the potential exposure in connection with the various cases relating to the DWH Response. The Company is unable to estimate the potential exposure, if any, resulting from these claims, but does not expect that they will have a material effect on its consolidated financial position, results of operations or cash flows.

In the ordinary course of the Company’s business, it may agree to indemnify its counterparty to an agreement. If the indemnified party makes a successful claim for indemnification, the Company would be required to reimburse that party in accordance with the terms of the indemnification agreement. Indemnification agreements generally, but not always, are subject to threshold amounts, specified claim periods and other restrictions and limitations.

In connection with the SES Business Transaction, the Company remains contingently liable for work performed in connection with the DWH Response. Pursuant to the agreement governing the sale, the Company's potential liability to the purchaser may not exceed the consideration received by the Company for the SES Business Transaction. The Company is currently indemnified under contractual agreements with BP for the potential "B3" liabilities relating to the DWH Response; this indemnification is unrelated to, and thus not impacted by, the indemnification BP has demanded and discussed above.

In the ordinary course of its business, the Company becomes involved in various other litigation matters including, among other things, claims by third parties for alleged property damages and personal injuries. Management has used estimates in determining the Company's potential exposure to these matters and has recorded reserves in its financial statements related thereto where appropriate. It is possible that a change in the Company's estimates of that exposure could occur, but the Company does not expect such changes in estimated costs would have a material effect on the Company's consolidated financial position, results of operations or cash flows.

Related Party Transactions

The Company manages barge pools as part of its Inland Services segment. Pursuant to the pooling agreements, operating revenues and expenses of participating barges are combined and the net results are allocated on a pro-rata basis based on the number of barge days contributed by each participant. Companies controlled by Mr. Fabrikant, the Executive Chairman and Chief Executive Officer of SEACOR, and trusts established for the benefit of Mr. Fabrikant's children own barges that participate in the barge pools managed by the Company. Mr. Fabrikant and his affiliates were participants in the barge pools prior to the acquisition of SCF Marine Inc. by SEACOR in 2000. During the years ended December 31, 2019, 2018 and 2017, Mr. Fabrikant and his affiliates earned \$0.5 million, \$0.9 million and \$0.6 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 the Company). As of December 31, 2019 and 2018, the Company owed Mr. Fabrikant and his affiliates \$0.1 million and \$0.5 million, respectively, for undistributed net barge pool results.

Mr. Fabrikant is a director of SEACOR Marine. The Company has provided certain transition services to SEACOR Marine related to the Spin-off and the total amount earned from these transition services during the years ended December 31, 2019, 2018 and 2017 was \$0.6 million, \$4.6 million and \$3.5 million, respectively.

Critical Accounting Policies and Estimates

Basis of Consolidation. The consolidated financial statements include the accounts of SEACOR and its controlled subsidiaries. Control is generally deemed to exist if the Company has greater than 50% of the voting rights of a subsidiary. All significant intercompany accounts and transactions are eliminated in consolidation.

Noncontrolling interests in consolidated subsidiaries are included in the consolidated balance sheets as a separate component of equity. The Company reports consolidated net income inclusive of both the Company's and the noncontrolling interests' share, as well as the amounts of consolidated net income attributable to each of the Company and the noncontrolling interests. If a subsidiary is deconsolidated upon a change in control, any retained noncontrolled equity investment in the former controlled subsidiary is measured at fair value and a gain or loss is recognized in net income based on such fair value. If a subsidiary is consolidated upon a change in control, any previous noncontrolled equity investment in the subsidiary is measured at fair value and a gain or loss is recognized based on such fair value.

The Company employs the equity method of accounting for investments in 50% or less owned companies that it does not control but has the ability to exercise significant influence over the operating and financial policies of the business venture. Significant influence is generally deemed to exist if the Company has between 20% and 50% of the voting rights of a business venture but may exist when the Company's ownership percentage is less than 20%. In certain circumstances, the Company may have an economic interest in excess of 50% but may not control and consolidate the business venture. Conversely, the Company may have an economic interest less than 50% but may control and consolidate the business venture. The Company reports its investments in and advances to these business ventures in the accompanying consolidated balance sheets as investments, at equity, and advances to 50% or less owned companies. The Company reports its share of earnings or losses from investments in 50% or less owned companies in the accompanying consolidated statements of income as equity in earnings (losses) of 50% or less owned companies, net of tax.

The Company employs the cost method of accounting for investments in 50% or less owned companies it does not control or exercise significant influence. These investments in private companies are carried at cost and are adjusted only for capital distributions and other-than-temporary declines in fair value.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates include those related to allowance for doubtful accounts, useful lives of property and equipment, impairments, income tax provisions and certain accrued liabilities. Actual results could differ from those estimates and those differences may be material.

Revenue Recognition. The Company earns revenues from contracts with customers and from lease contracts.

Revenue from Contracts with Customers. Revenue is recognized when (or as) the Company transfers promised goods or services to its customers in amounts that reflect the consideration to which the Company expects to be entitled to in exchange for those goods or services, which occurs when (or as) the Company satisfies its contractual obligations and transfers control of the promised goods or services to its customers. Costs to obtain or fulfill a contract are expensed as incurred.

Ocean Services' revenues from contracts with customers primarily arise from voyage charters, contracts of affreightment, tariff based port and infrastructure services, unit freight logistics services, and technical ship management agreements with vessel owners. Ocean Services transfers control of the service to the customer and satisfies its performance obligation over the term of the contract, and therefore recognizes revenue over the term of the contract while related costs are expensed as incurred. Voyage charters are contracts to carry cargoes on a single voyage basis for a predetermined price, regardless of time to complete. Contracts of affreightment are contracts for cargoes that are committed on a multi-voyage basis for various periods of time, with minimum and maximum cargo tonnages specified over the period at a fixed or escalating rate per ton. Tariff based port and infrastructure services typically include operating harbor tugs alongside oceangoing vessels to escort them to their berth, assisting with the docking and undocking of these oceangoing vessels and escorting them back out to sea. They are contracted using prevailing port tariff terms on a per-use basis. In the unit freight logistics trade, transportation services typically include transporting shipping containers, rail cars, project cargoes, automobiles and U.S. military vehicles and are generally contracted on a per unit basis for the specified cargo and destination, typically in accordance with a publicly available tariff rate or based on a negotiated rate when moving larger volumes over an extended period. Managed services include technical ship and crew management agreements whereby Ocean Services provides technical ship and crew management services to third-party customers for a predetermined price over a specified period of time, typically a year or more.

Inland Services' revenues from contracts with customers primarily arise from contracts of affreightment, terminal operations, fleetling operations and repair and maintenance services. Inland Services transfers control of the service to the customer and satisfies its performance obligation over the term of the contract, and therefore recognizes revenue over the term of the contract while related costs are expensed as incurred. Contracts of affreightment are contracts whereby customers are charged an established rate per ton to transport cargo from point-to-point. Terminal operations includes tank farms and dry bulk and container handling facilities that are marketed under contractual rates and terms driven by throughput volume. Fleetling operations includes fleetling services whereby barges are held in fleetling areas for an agreed-upon day rate and shifting services whereby harbor boats are used to pick up and drop off barges to assist in assembling tows and to move barges to and from the dock for loading and unloading at predetermined per-shift fees. Other operations primarily include a machine shop specializing in towboat and barge cleaning, repair and maintenance services that are charged on an hourly or a fixed fee basis depending on the scope and nature of the work.

Witt O'Brien's revenues from contracts with customers primarily arise from time and material and retainer contracts. Witt O'Brien's transfers control of the service to the customer and satisfies its performance obligation over the term of the contract, and therefore recognizes revenue over the term of the contract while related costs are expensed as incurred. Time and material contracts primarily relate to emergency response, debris management or consulting services that Witt O'Brien's performs for a predetermined fee. Retainer contracts, which are nearly all with vessel services operators and oil companies, are contracted based on agreed-upon rates.

The Company's Other business segment includes Cleancor, which primarily earns revenues from the sale of liquefied natural gas. Under these arrangements, control of the goods are transferred to the customer and performance obligations are satisfied at a point in time, and therefore revenue is recognized upon delivery while any related costs are expensed as incurred.

Lease Revenues. The Company's lease revenues are primarily from time charters, bareboat charters and non-vessel rental agreements that are recognized ratably over the lease term as services are provided, typically on a per day basis. Under a time charter, the Company provides a vessel to a customer for a set term and is responsible for all operating expenses, typically excluding fuel. Under a bareboat charter, the Company provides a vessel to a customer for a set term and the customer assumes responsibility for all operating expenses and risks of operation. Under a non-vessel rental agreement, the Company provides non-vessel property or equipment to a customer for a set term and the customer assumes responsibility for all operating expenses and risks of operation.

Marketable Securities. Marketable equity securities and debt securities with readily determinable fair values are reported in the accompanying consolidated balance sheets as marketable securities. These investments are stated at fair value, as determined by their market observable prices, with both realized and unrealized gains and losses reported in the accompanying consolidated statements of income as marketable security gains (losses), net. Short sales of marketable securities are stated at fair value in the accompanying consolidated balance sheets with both realized and unrealized gains and losses reported in the accompanying consolidated statements of income as marketable security gains (losses), net. Long and short marketable security positions are primarily in energy, marine, transportation and other related businesses. Marketable securities are classified as trading securities for financial reporting purposes with gains and losses reported as operating activities in the accompanying consolidated statements of cash flows.

Trade Receivables. Customers of Ocean Services are primarily multinational oil companies, refining companies, oil trading companies, major gasoline retailers, large industrial consumers of crude, petroleum and chemicals, trading houses, pools, major automobile manufacturers and shippers, the U.S. Government and regional power utilities. Customers of Inland Services are primarily major agricultural companies, fertilizer companies, trading companies and industrial companies. Customers of Witt O'Brien's are primarily governments, energy companies, ship managers and owners, healthcare providers, universities and school systems. Customers of the Company's other business activities primarily include agricultural and feed companies, asphalt producers and municipalities and government agencies. All customers are granted credit on a short-term basis and related credit risks are considered minimal. The Company routinely reviews its trade receivables and makes provisions for probable doubtful accounts; however, those provisions are estimates and actual results could differ from those estimates and those differences may be material. Trade receivables are deemed uncollectible and removed from accounts receivable and the allowance for doubtful accounts when collection efforts have been exhausted.

Property and Equipment. Equipment, stated at cost, is depreciated using the straight line method over the estimated useful life of the asset to an estimated salvage value. With respect to each class of asset, the estimated useful life is typically based upon a newly built asset being placed into service and represents the point at which it is typically not justifiable for the Company to continue to operate the asset in the same or similar manner. From time to time, the Company may acquire older assets that have already exceeded their useful life as set forth in the Company's useful life policy, in which case the Company depreciates such assets based on its best estimate of remaining useful life, typically the next survey or certification date.

As of December 31, 2019, the estimated useful life (in years) of each of the Company's major classes of new equipment was as follows:

Petroleum and chemical carriers - U.S.-flag	25
Bulk carriers - U.S.-flag	25
Harbor and offshore tugs	25
Ocean liquid tank barges	25
Short-sea container/RORO ⁽¹⁾ vessels	20
Inland river dry-cargo and specialty barges	20
Inland river liquid tank barges	25
Inland river towboats and harbor boats	25
Terminal and fleeting facilities	20

(1) Roll On/Roll Off.

Impairment of Long-Lived Assets. The Company performs an impairment analysis of long-lived assets used in operations, including intangible assets, when indicators of impairment are present. These indicators may include a significant decrease in the market price of a long-lived asset or asset group, a significant adverse change in the extent or manner in which a long-lived asset or asset group is being used or in its physical condition, or a current period operating or cash flow loss combined with a history of operating or cash flow losses or a forecast that demonstrates continuing losses associated with the use of a long-lived asset or asset group. If the carrying values of the assets are not recoverable, as determined by the estimated undiscounted cash flows, the estimated fair value of the assets or asset groups are compared to their current carrying values and impairment charges are recorded if the carrying value exceeds fair value. The Company performs its testing on an asset or asset group basis. Generally, fair value is determined using valuation techniques, such as expected discounted cash flows or appraisals, as appropriate.

Impairment of 50% or Less Owned Companies. Investments in 50% or less owned companies are reviewed periodically to assess whether there is an other-than-temporary decline in the carrying value of the investment. In its evaluation, the Company considers, among other items, recent and expected financial performance and returns, impairments recorded by the investee and the capital structure of the investee. When the Company determines the estimated fair value of an investment is below carrying value and the decline is other-than-temporary, the investment is written down to its estimated fair value. Actual results may vary from the Company's estimates due to the uncertainty regarding projected financial performance, the severity and expected duration of declines in value, and the available liquidity in the capital markets to support the continuing operations of the investee, among other factors. Although the Company believes its assumptions and estimates are reasonable, the investee's actual performance compared with the estimates could produce different results and lead to additional impairment charges in future periods.

Goodwill. Goodwill is recorded when the purchase price paid for an acquisition exceeds the fair value of net identified tangible and intangible assets acquired. As of December 31, 2019, substantially all of the Company's goodwill is related to Witt O'Brien's. The Company performs an annual impairment test of goodwill on October 1 of each year and further periodic tests to the extent indicators of impairment develop between annual impairment tests. The Company's impairment review process compares the fair value of the reporting unit to its carrying value, including the goodwill, related to the reporting unit. To determine the fair value of the reporting unit, the Company may use various approaches including an asset or cost approach, market approach or income approach or any combination thereof. These approaches may require the Company to make certain estimates and assumptions including projections of future cash flows, revenues and expenses. These estimates and assumptions are reviewed each time the Company tests goodwill for impairment and are typically developed as part of the Company's routine business planning and forecasting process. Although the Company believes its assumptions and estimates are reasonable, the Company's actual performance against its estimates could produce different results and lead to impairment charges in future periods.

Business Combinations. The Company recognizes 100% of the fair value of assets acquired, liabilities assumed, and noncontrolling interests when the acquisition constitutes a change in control of the acquired entity. Shares issued in consideration for a business combination, contingent consideration arrangements and pre-acquisition loss and gain contingencies are all measured and recorded at their acquisition-date fair value. Subsequent changes to fair value of contingent consideration arrangements are generally reflected in earnings. Any in-process research and development assets acquired are capitalized as are certain acquisition-related restructuring costs if the criteria related to exit or disposal cost obligations are met as of the acquisition date. Acquisition-related transaction costs are expensed as incurred and any changes in income tax valuation allowances and tax uncertainty accruals are recorded as an adjustment to income tax expense (benefit). The operating results of entities acquired are included in the accompanying consolidated statements of income from the date of acquisition.

Self-insurance Liabilities. The Company maintains hull, liability and war risk, general liability, workers compensation and other insurance customary in the industries in which it operates. Certain excess and property insurance policies are obtained through SEACOR sponsored programs, with premiums charged to participating businesses based on management's risk assessment or insured asset values. The marine hull and liability policies have significant annual aggregate deductibles that are accrued based on actual claims incurred. The Company also maintains self-insured health benefit plans for its participating employees. Exposure to the health benefit plans are limited by maintaining stop-loss and aggregate liability coverage. To the extent that estimated self-insurance losses, including the accrual of annual aggregate deductibles, differ from actual losses realized, the Company's insurance reserves could differ significantly and may result in either higher or lower insurance expense in future periods.

Income Taxes. Deferred income tax assets and liabilities have been provided in recognition of the income tax effect attributable to the book and tax basis differences of assets and liabilities reported in the accompanying consolidated financial statements. Deferred tax assets or liabilities are provided using the enacted tax rates expected to apply to taxable income in the periods in which they are expected to be settled or realized. Interest and penalties relating to uncertain tax positions are recognized in interest expense and administrative and general, respectively, in the accompanying consolidated statements of income. The Company records a valuation allowance to reduce its deferred tax assets if it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company records any liability associated with global intangible low-taxed income (GILTI) in the period it is incurred.

In the normal course of business, the Company may be subject to challenges from tax authorities regarding the amount of taxes due. These challenges may alter the timing or amount of taxable income or deductions. As part of the calculation of income tax expense (benefit), the Company determines whether the benefits of its tax positions are at least more likely than not of being sustained based on the technical merits of the tax position. For tax positions that are more likely than not of being sustained, the Company accrues the largest amount of the tax benefit that is more likely than not of being sustained. Such accruals require management to make estimates and judgments with respect to the ultimate outcome of its tax benefits and actual results could vary materially from these estimates.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of December 31, 2019, a subsidiary of the Company whose functional currency is the Colombian peso had intercompany capital lease obligations of \$21.4 million (70.2 billion Colombian pesos). A 10% weakening in the exchange rate of the Colombian peso against the U.S. dollar as of December 31, 2019 would result in foreign currency losses of \$1.7 million, net of tax.

The Company has foreign currency exchange risks related to its barge operations conducted on rivers located in Colombia where its functional currency is the Colombian peso. Net consolidated assets of 16.0 billion Colombian pesos (\$4.9 million) are included in the Company's consolidated balance sheets as of December 31, 2019. A 10% strengthening in the exchange rate of the Colombian peso against the U.S. dollar as of December 31, 2019, would increase other comprehensive loss by \$0.4 million, net of tax, due to translation.

As of December 31, 2019, the Company held marketable securities with a fair value of \$7.9 million consisting of equity securities. A 10% decline in the value of the Company's investments in marketable securities as of December 31, 2019 would result in marketable securities losses of \$0.6 million, net of tax.

The Company's outstanding debt is primarily in fixed interest rate instruments. Although the fair value of these debt instruments will vary with changes in interest rates, the Company's operations are not significantly affected by interest rate fluctuations. As of December 31, 2019, the Company had variable rate debt instruments (due 2023 through 2024) totaling \$100.7 million that calls for the Company to pay interest based on LIBOR plus applicable margins. The interest rates reset either monthly or quarterly. As of December 31, 2019, the average interest rate on these variable rate borrowings was 3.9%.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements and related notes are included in Part IV of this Form 10-K and incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

With the participation of the Company's principal executive officer and principal financial officer, management evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of December 31, 2019. Based on their evaluation, the Company's principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures were effective as of December 31, 2019.

The Company's disclosure controls and procedures have been designed to ensure that information required to be disclosed by the Company in the reports it files or furnishes under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, to allow timely decisions regarding required disclosures. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those internal control systems determined to be effective can provide only a level of reasonable assurance with respect to financial statement preparation and presentation.

Management's Annual Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act). The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles in the United States, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Internal control over financial reporting is designed to provide reasonable assurance to the Company's management and board of directors regarding the preparation of reliable financial statements for external purposes in accordance with generally accepted accounting principles in the United States. Because of the inherent limitations in any internal control system, no matter how well designed, misstatements may occur and not be prevented or detected. Accordingly, even effective internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation.

Management conducted an evaluation of the effectiveness of the Company's system of internal control over financial reporting as of December 31, 2019 based on the updated framework set forth in "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on its evaluation, management concluded that, as of December 31, 2019, the Company's internal control over financial reporting was effective based on the specified criteria.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2019 has been audited by the Company's independent auditor, Grant Thornton LLP, a registered certified public accounting firm, and its attestation report thereon is included in Part IV of this Annual Report on Form 10-K and incorporated herein by reference. Grant Thornton LLP also audited the Company's consolidated financial statements, as stated in its report accompanying the consolidated financial statements included in Part IV of this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15 and 15d-15 under the Exchange Act) that occurred during the three months ended December 31, 2019 that have materially affected, or were reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required to be disclosed pursuant to this Item 10 is incorporated in its entirety herein by reference to the Company's definitive proxy statement to be filed with the Commission pursuant to Regulation 14A within 120 days after the end of the Company's last fiscal year.

NYSE Annual Certification. The Chief Executive Officer of the Company has previously submitted to the NYSE the annual certification required by Section 303A.12(a) of the NYSE Listed Company Manual and there were no qualifications to such certification. SEACOR Holdings Inc. has filed the certifications of its Chief Executive Officer and Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act of 2002 with the SEC as exhibits to this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information required to be disclosed pursuant to this Item 11 is incorporated in its entirety herein by reference to the "Compensation Disclosure and Analysis" and "Information Relating to the Board of Directors and Committees Thereof" portions of the Company's definitive proxy statement to be filed with the Commission pursuant to Regulation 14A within 120 days after the end of the Company's last fiscal year.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDERS MATTERS

The information required to be disclosed pursuant to this Item 12 is incorporated in its entirety herein by reference to the "Security Ownership of Certain Beneficial Owners and Management" portion of the Company's definitive proxy statement to be filed with the Commission pursuant to Regulation 14A within 120 days after the end of the Company's last fiscal year.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required to be disclosed pursuant to this Item 13 is incorporated in its entirety herein by reference to the "Certain Relationships and Related Transactions" portion of the Company's definitive proxy statement to be filed with the Commission pursuant to Regulation 14A within 120 days after the end of the Company's last fiscal year.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required to be disclosed pursuant to this Item 14 is incorporated in its entirety herein by reference to the "Ratification or Appointment of Independent Auditors" portion of the Company's definitive proxy statement to be filed with the Commission pursuant to Regulation 14A within 120 days after the end of the Company's last fiscal year.

PART IV

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND
FINANCIAL STATEMENT SCHEDULE**

	<u>Page</u>
SEACOR HOLDINGS INC.	
<i>AUDITED CONSOLIDATED FINANCIAL STATEMENTS</i>	
Report of Grant Thornton LLP, Independent Registered Certified Public Accounting Firm on Internal Control Over Financial Reporting	65
Report of Grant Thornton LLP, Independent Registered Certified Public Accounting Firm	66
Consolidated Financial Statements:	
Consolidated Balance Sheets as of December 31, 2019 and 2018	68
Consolidated Statements of Income for the years ended December 31, 2019, 2018 and 2017	69
Consolidated Statements of Comprehensive Income for the years ended December 31, 2019, 2018 and 2017	70
Consolidated Statements of Changes in Equity for the years ended December 31, 2019, 2018 and 2017	71
Consolidated Statements of Cash Flows for the years ended December 31, 2019, 2018 and 2017	73
Notes to Consolidated Financial Statements	75
Financial Statement Schedule:	
Schedule II – Valuation and Qualifying Accounts for the years ended December 31, 2019, 2018 and 2017	118

Except for the Financial Statement Schedule set forth above, all other required schedules have been omitted since the information is either included in the consolidated financial statements, not applicable or not required.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders SEACOR Holdings Inc.

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of SEACOR Holdings Inc., a Delaware corporation, and subsidiaries (the “Company”) as of December 31, 2019, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in the 2013 Internal Control—Integrated Framework issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the consolidated financial statements of the Company as of and for the year ended December 31, 2019, and our report dated February 28, 2020 expressed unqualified opinion on those financial statements.

Basis for opinion

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

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

Definition and limitations of internal control over financial reporting

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

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

/s/ GRANT THORNTON LLP

Fort Lauderdale, Florida

February 28, 2020

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders SEACOR Holdings Inc.

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of SEACOR Holdings Inc., a Delaware corporation, and subsidiaries (the “Company”) as of December 31, 2019 and 2018, the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2019, and the related notes and financial statement schedule included under Item 15(a) (collectively referred to as the “financial statements”). In our opinion, based on our audits and the report of the other auditors, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Trailer Bridge, Inc., a joint venture, the investment in which is accounted for by the equity method of accounting. The investment in Trailer Bridge, Inc. was \$56,770,417 and \$56,363,546, respectively, of consolidated total assets as of December 31, 2019 and 2018, and the equity in its net income was \$321,428 and \$7,141,529, respectively, of consolidated net income for the years then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Trailer Bridge, Inc., is based solely on the report of other auditors.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2019, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”), and our report dated February 28, 2020 expressed an unqualified opinion.

Change in accounting principle

As discussed in Note 1 to the consolidated financial statements, the Company has changed its method of accounting for leases as of January 1, 2019, due to the adoption of FASB Accounting Standards Codification (Topic 842), *Leases*.

Basis for opinion

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

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

Critical audit matters

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

Investment in 50% or less owned company

As described in Notes 1 and 4 to the consolidated financial statements, the Company has an investment in a 50% or less owned company in the amount of approximately \$34 million. This investment is reviewed at least quarterly by the Company to assess whether there is an other-than-temporary decline in the carrying value of the investment. The Company considers recent and projected financial performance and returns as well as the value of underlying collateral in determining the estimated fair value of the investment. We identified that the recoverability of one investment included within investments in 50% or less owned companies as a critical audit matter.

The principal considerations for our determination that this investment being recoverable was a critical audit matter is that the company is located in a foreign jurisdiction and has had significant losses in the current period. The determination of recoverability of the investment requires management to utilize subjective assumptions to estimate the fair value of the investment. This estimation process required a high degree of auditor judgment and an increased extent of effort, including the need to involve valuation specialists.

Our audit procedures related to this investment being recoverable included the following, among others. We tested the design and operating effectiveness of key controls relating to management's impairment assessment process. We visited the foreign location of the investment. We reviewed forecasts prepared by management to support the valuation. We reviewed a valuation prepared by a specialist of the underlying collateral for the investment and tested the assumptions utilized. We involved valuation professionals with the specialized skills and knowledge to review the valuation models used by management as well as key assumptions.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2017.

Fort Lauderdale, Florida

February 28, 2020

SEACOR HOLDINGS INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	December 31,	
	2019	2018
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 77,222	\$ 144,221
Restricted cash and restricted cash equivalents	1,222	2,991
Marketable securities	7,936	30,316
Receivables:		
Trade, net of allowance for doubtful accounts of \$2,871 and \$3,481 in 2019 and 2018, respectively	194,022	171,828
Other	38,881	38,881
Inventories	5,255	4,530
Prepaid expenses and other	6,971	5,382
Total current assets	<u>331,509</u>	<u>398,149</u>
Property and Equipment:		
Historical cost	1,442,382	1,407,329
Accumulated depreciation	(624,024)	(560,819)
Net property and equipment	<u>818,358</u>	<u>846,510</u>
Operating Lease Right-of-Use Assets	144,539	—
Investments, at Equity, and Advances to 50% or Less Owned Companies	157,108	156,886
Construction Reserve Funds	—	3,908
Goodwill	32,701	32,708
Intangible Assets, Net	20,996	24,551
Other Assets	7,761	8,312
	<u>\$ 1,512,972</u>	<u>\$ 1,471,024</u>
LIABILITIES AND EQUITY		
Current Liabilities:		
Current portion of long-term debt	\$ 58,854	\$ 8,497
Current portion of long-term operating lease liabilities	36,011	—
Accounts payable and accrued expenses	57,595	59,607
Accrued wages and benefits	20,730	21,203
Accrued interest	1,030	1,184
Accrued capital, repair and maintenance expenditures	3,213	3,254
Other current liabilities	32,528	30,018
Total current liabilities	<u>209,961</u>	<u>123,763</u>
Long-Term Debt	255,612	346,128
Long-Term Operating Lease Liabilities	108,295	—
Deferred Income Taxes	105,661	94,420
Deferred Gains and Other Liabilities	20,929	52,871
Total liabilities	<u>700,458</u>	<u>617,182</u>
Equity:		
SEACOR Holdings Inc. stockholders' equity:		
Preferred stock, \$0.01 par value, 10,000,000 shares authorized; none issued nor outstanding	—	—
Common stock, \$0.01 par value, 60,000,000 shares authorized; 40,819,892 and 39,001,924 shares issued in 2019 and 2018, respectively	408	390
Additional paid-in capital	1,661,002	1,596,642
Retained earnings	517,106	474,809
Shares held in treasury of 20,643,724 and 20,671,627 in 2019 and 2018, respectively, at cost	(1,365,792)	(1,366,773)
Accumulated other comprehensive loss, net of tax	(998)	(914)
	811,726	704,154
Noncontrolling interests in subsidiaries	788	149,688
Total equity	<u>812,514</u>	<u>853,842</u>
	<u>\$ 1,512,972</u>	<u>\$ 1,471,024</u>

The accompanying notes are an integral part of these consolidated financial statements
and should be read in conjunction herewith.

SEACOR HOLDINGS INC.
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except share data)

	For the years ended December 31,		
	2019	2018	2017 <i>As Adjusted</i>
Operating Revenues	\$ 799,966	\$ 835,750	\$ 650,847
Costs and Expenses:			
Operating	583,633	591,848	433,837
Administrative and general	105,517	102,907	103,106
Depreciation and amortization	68,571	74,579	75,058
	<u>757,721</u>	<u>769,334</u>	<u>612,001</u>
Gains on Asset Dispositions and Impairments, Net	2,910	19,583	11,637
Operating Income	45,155	85,999	50,483
Other Income (Expense):			
Interest income	7,471	8,730	8,547
Interest expense	(19,233)	(31,683)	(41,530)
Debt extinguishment losses, net	(2,244)	(11,626)	(819)
Marketable security gains (losses), net	18,394	(12,431)	(1,782)
Derivative gains	—	—	19,727
Foreign currency gains (losses), net	(312)	(2,264)	323
Other, net	(134)	54,964	256
	<u>3,942</u>	<u>5,690</u>	<u>(15,278)</u>
Income from Continuing Operations Before Income Tax Expense (Benefit) and Equity in Earnings (Losses) of 50% or Less Owned Companies	49,097	91,689	35,205
Income Tax Expense (Benefit):			
Current	1,660	23,928	(15,712)
Deferred	8,169	(15,513)	(51,477)
	<u>9,829</u>	<u>8,415</u>	<u>(67,189)</u>
Income from Continuing Operations Before Equity in Earnings (Losses) of 50% or Less Owned Companies	39,268	83,274	102,394
Equity in Earnings (Losses) of 50% or Less Owned Companies, Net of Tax	(5,250)	(72)	2,952
Income from Continuing Operations	34,018	83,202	105,346
Loss from Discontinued Operations, Net of Tax	—	—	(23,637)
Net Income	34,018	83,202	81,709
Net Income attributable to Noncontrolling Interests in Subsidiaries	7,244	25,054	20,066
Net Income attributable to SEACOR Holdings Inc.	<u>\$ 26,774</u>	<u>\$ 58,148</u>	<u>\$ 61,643</u>
Net Income (Loss) attributable to SEACOR Holdings Inc.:			
Continuing Operations	\$ 26,774	\$ 58,148	\$ 82,849
Discontinued Operations	—	—	(21,206)
	<u>\$ 26,774</u>	<u>\$ 58,148</u>	<u>\$ 61,643</u>
Basic Earnings (Loss) Per Common Share of SEACOR Holdings Inc.:			
Continuing Operations	\$ 1.41	\$ 3.22	\$ 4.77
Discontinued Operations	—	—	(1.22)
	<u>\$ 1.41</u>	<u>\$ 3.22</u>	<u>\$ 3.55</u>
Diluted Earnings (Loss) Per Common Share of SEACOR Holdings Inc.:			
Continuing Operations	\$ 1.38	\$ 3.04	\$ 4.24
Discontinued Operations	—	—	(0.93)
	<u>\$ 1.38</u>	<u>\$ 3.04</u>	<u>\$ 3.31</u>
Weighted Average Common Shares Outstanding:			
Basic	18,949,981	18,080,778	17,368,081
Diluted	20,306,332	19,575,689	22,934,158

The accompanying notes are an integral part of these consolidated financial statements and should be read in conjunction herewith.

SEACOR HOLDINGS INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	For the years ended December 31,		
	2019	2018	2017
Net Income	\$ 34,018	\$ 83,202	\$ 81,709
Other Comprehensive Income (Loss):			
Foreign currency translation gains (losses), net	(83)	(406)	1,965
Reclassification of foreign currency translation losses to foreign currency gains (losses), net	—	15	—
Derivative gains (losses) on cash flow hedges	67	—	(389)
Reclassification of derivative losses on cash flow hedges to interest expense	—	—	33
Reclassification of derivative losses on cash flow hedges to equity in earnings (losses) of 50% or less owned companies	—	—	109
Other	—	—	(11)
	(16)	(391)	1,707
Income tax (expense) benefit	(68)	22	(702)
	(84)	(369)	1,005
Comprehensive Income	33,934	82,833	82,714
Comprehensive Income attributable to Noncontrolling Interests in Subsidiaries	7,244	25,054	20,227
Comprehensive Income attributable to SEACOR Holdings Inc.	\$ 26,690	\$ 57,779	\$ 62,487

The accompanying notes are an integral part of these consolidated financial statements and should be read in conjunction herewith.

SEACOR HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in thousands)

	SEACOR Holdings Inc. Stockholders' Equity						
	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Non - controlling Interests in Subsidiaries	Total Equity
Year Ended December 31, 2016	\$ 379	\$ 1,518,635	\$ 910,723	\$ (1,357,331)	\$ (11,514)	\$ 135,376	\$ 1,196,268
Issuance of common stock:							
Employee Stock Purchase Plan	—	—	—	1,443	—	—	1,443
Exercise of stock options	6	21,148	—	—	—	—	21,154
Director stock awards	—	83	—	—	—	—	83
Restricted stock	2	(2)	—	—	—	—	—
Exercise of conversion option in convertible debt	—	3	—	—	—	—	3
Distribution of SEACOR Marine stock to shareholders	—	2,656	(521,859)	—	10,125	(18,613)	(527,691)
Distribution of Dorian shares to shareholders	—	—	(31,379)	—	—	—	(31,379)
Purchase of conversion option in convertible debt, net of tax	—	(927)	—	—	—	—	(927)
Purchase of treasury shares	—	—	—	(12,300)	—	—	(12,300)
Amortization of share awards	—	32,419	—	—	—	—	32,419
Cancellation of restricted stock	—	112	—	(112)	—	—	—
Purchase of subsidiary shares from noncontrolling interests, net of tax	—	(1,114)	—	—	—	(2,579)	(3,693)
Acquisition of a subsidiary with noncontrolling interests	—	—	—	—	—	17,374	17,374
Disposition of subsidiary with noncontrolling interests	—	—	—	—	—	(14,673)	(14,673)
Distributions to noncontrolling interests	—	—	—	—	—	(7,434)	(7,434)
Net Income	—	—	61,643	—	—	20,066	81,709
Other comprehensive income	—	—	—	—	844	161	1,005
Year Ended December 31, 2017	387	1,573,013	419,128	(1,368,300)	(545)	129,678	753,361
Impact of adoption of accounting principle	—	—	(2,467)	—	—	—	(2,467)
December 31, 2017, As adjusted	387	1,573,013	416,661	(1,368,300)	(545)	129,678	750,894
Issuance of common stock:							
Employee Stock Purchase Plan	—	—	—	1,527	—	—	1,527
Exercise of stock options	2	6,881	—	—	—	—	6,883
Director stock awards	—	140	—	—	—	—	140
Restricted stock	1	(1)	—	—	—	—	—
Net issuance of conversion option on exchange of convertible debt, net of tax	—	12,735	—	—	—	—	12,735
Purchase of conversion option in convertible debt, net of tax	—	(33)	—	—	—	—	(33)
Amortization of share awards	—	3,907	—	—	—	—	3,907
Purchase of subsidiary shares from noncontrolling interests, net of tax	—	—	—	—	—	(29)	(29)
Acquisition of a subsidiary with noncontrolling interests	—	—	—	—	—	96	96
Distributions to noncontrolling interests	—	—	—	—	—	(5,111)	(5,111)
Net Income	—	—	58,148	—	—	25,054	83,202
Other comprehensive loss	—	—	—	—	(369)	—	(369)
Year Ended December 31, 2018	390	1,596,642	474,809	(1,366,773)	(914)	149,688	853,842
Impact of adoption of accounting principle, net of tax	—	—	15,523	—	—	9,836	25,359
December 31, 2018, As adjusted	390	1,596,642	490,332	(1,366,773)	(914)	159,524	879,201

The accompanying notes are an integral part of these consolidated financial statements and should be read in conjunction herewith.

SEACOR HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)
(in thousands)

	SEACOR Holdings Inc. Stockholders' Equity					Non - controlling Interests in Subsidiaries	Total Equity
	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss		
Issuance of common stock:							
Employee Stock Purchase Plan	—	—	—	1,695	—	—	1,695
Exercise of stock options	1	5,243	—	—	—	—	5,244
Director stock awards	—	97	—	—	—	—	97
Restricted stock	2	(2)	—	—	—	—	—
Purchase of conversion option in convertible debt, net of tax	—	(115)	—	—	—	—	(115)
Purchase of treasury shares	—	—	—	(525)	—	—	(525)
Amortization of share awards	—	5,134	—	—	—	—	5,134
Cancellation of restricted stock	—	189	—	(189)	—	—	—
Purchase of subsidiary shares from noncontrolling interests, net of tax	15	53,814	—	—	—	(160,818)	(106,989)
Distributions to noncontrolling interests	—	—	—	—	—	(5,162)	(5,162)
Net Income	—	—	26,774	—	—	7,244	34,018
Other comprehensive loss	—	—	—	—	(84)	—	(84)
Year Ended December 31, 2019	\$ 408	\$ 1,661,002	\$ 517,106	\$ (1,365,792)	\$ (998)	\$ 788	\$ 812,514

The accompanying notes are an integral part of these consolidated financial statements and should be read in conjunction herewith.

SEACOR HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the years ended December 31,		
	2019	2018	2017
Cash Flows from Operating Activities of Continuing Operations:			
Income from Continuing Operations	\$ 34,018	\$ 83,202	\$ 105,346
Adjustments to reconcile income from continuing operations to net cash provided by operating activities of continuing operations:			
Depreciation and amortization	68,571	74,579	75,058
Amortization of operating lease right-of-use assets	42,863	—	—
Amortization of deferred gains on sale leaseback transactions	—	(12,774)	(15,035)
Debt discount and issuance cost amortization, net	6,484	7,829	12,997
Amortization of share awards	5,134	3,907	32,419
Director stock awards	97	140	83
Bad debt expense (income)	2,021	2,067	(175)
Gains on asset dispositions and impairments, net	(2,910)	(19,583)	(11,637)
Debt extinguishment losses, net	2,244	11,626	819
Marketable security (gains) losses, net	(18,394)	12,431	1,782
Purchases of marketable securities	(5,752)	—	(1,720)
Proceeds from sale of marketable securities	46,526	14	674
Derivative gains	—	—	(19,727)
Cash settlements on derivative transactions, net	—	—	255
Foreign currency (gains) losses, net	312	2,264	(323)
Deferred income tax expense (benefit)	8,169	(15,513)	(51,477)
Equity in (earnings) losses of 50% or less owned companies, net of tax	5,250	72	(2,952)
Dividends received from 50% or less owned companies	100	5,907	12,891
Other, net	—	(53,902)	—
Changes in operating assets and liabilities:			
(Increase) decrease in receivables	(30,385)	(63,764)	2,195
Increase in prepaid expenses and other assets	(6,698)	(1,577)	(8,174)
Increase (decrease) in accounts payable, accrued expenses and other liabilities	(38,377)	12,503	(25,724)
Net cash provided by operating activities of continuing operations	<u>119,273</u>	<u>49,428</u>	<u>107,575</u>
Cash Flows from Investing Activities of Continuing Operations:			
Purchases of property and equipment	(37,786)	(50,272)	(114,595)
Proceeds from disposition of property and equipment	2,452	16,100	164,789
Investments in and advances to 50% or less owned companies	(5,960)	(20,586)	(9,663)
Return of investments and advances from 50% or less owned companies	3,677	8,988	15,568
Proceeds on sale of 50% or less owned companies	—	78,015	—
Proceeds on sale of a controlling interest in a subsidiary	—	—	5,000
Payments received on third party leases and notes receivable, net	1,141	506	24,485
Deposits into construction reserve funds	—	—	(13,807)
Withdrawals from construction reserve funds	3,908	47,431	38,221
Business acquisitions, net of cash acquired	—	310	5,868
Net cash provided by (used in) investing activities of continuing operations	<u>(32,568)</u>	<u>80,492</u>	<u>115,866</u>

The accompanying notes are an integral part of these consolidated financial statements and should be read in conjunction herewith.

SEACOR HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(in thousands)

	For the years ended December 31,		
	2019	2018	2017
Cash Flows from Financing Activities of Continuing Operations:			
Payments on long-term debt	(169,625)	(225,541)	(303,485)
Proceeds from issuance of long-term debt, net of offering costs	120,740	(2,495)	44,900
Purchase of conversion option in convertible debt	(146)	(33)	(1,354)
Common stock acquired for treasury	(525)	—	(12,300)
Proceeds and tax benefits from share award plans	6,939	8,410	22,597
Purchase of subsidiary shares from noncontrolling interests	(107,692)	(29)	—
Distributions to noncontrolling interests	(5,162)	(5,111)	(4)
Net cash used in financing activities of continuing operations	<u>(155,471)</u>	<u>(224,799)</u>	<u>(249,646)</u>
Effects of Exchange Rate Changes on Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents	(2)	(137)	956
Net Decrease in Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents from Continuing Operations	<u>(68,768)</u>	<u>(95,016)</u>	<u>(25,249)</u>
Cash Flows from Discontinued Operations:			
Operating Activities	—	—	12,811
Investing Activities	—	—	2,720
Financing Activities	—	—	(7,149)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	—	—	208
Net Increase in Cash and Cash Equivalents from Discontinued Operations	<u>—</u>	<u>—</u>	<u>8,590</u>
Net Decrease in Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents	(68,768)	(95,016)	(16,659)
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, Beginning of Year	<u>147,212</u>	<u>242,228</u>	<u>258,887</u>
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, End of Year	78,444	147,212	242,228
Restricted Cash and Restricted Cash Equivalents, End of Year	<u>1,222</u>	<u>2,991</u>	<u>2,982</u>
Cash and Cash Equivalents, End of Year	<u>\$ 77,222</u>	<u>\$ 144,221</u>	<u>\$ 239,246</u>

The accompanying notes are an integral part of these consolidated financial statements and should be read in conjunction herewith.

SEACOR HOLDINGS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND ACCOUNTING POLICIES

Nature of Operations and Segmentation. SEACOR Holdings Inc. (“SEACOR”) and its subsidiaries (collectively referred to as the “Company”) are a diversified holding company with interests in domestic and international transportation and logistics, risk management consultancy and other businesses. Accounting standards require public business enterprises to report information about each of their operating business segments that exceed certain quantitative thresholds or meet certain other reporting requirements. Operating business segments have been defined as a component of an enterprise about which separate financial information is available and is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company has identified the following reporting segments:

Ocean Transportation & Logistics Services (“Ocean Services”). Ocean Services owns and operates a diversified fleet of bulk transportation, port and infrastructure, and logistics assets, including U.S. coastwise eligible vessels and vessels trading internationally. Ocean Services owns and operates U.S.-flag petroleum and chemical carriers servicing the U.S. coastwise crude oil, petroleum products and chemical trades. Ocean Services’ dry bulk vessels also operate in the U.S. coastwise trade. Ocean Services’ port and infrastructure services assist deep-sea vessels docking in U.S. Gulf and East Coast ports, providing ocean towing services between U.S. ports and providing oil terminal support and bunkering operations in St. Eustatius and the Bahamas. Ocean Services’ logistics services include U.S.-flag Pure Car/Truck Carriers (“PCTCs”) operating globally under the U.S. Maritime Security Program (“MSP”) and liner, short-sea, rail car and project cargo transportation and logistics solutions to and from ports in the Southeastern United States, the Caribbean (including Puerto Rico), the Bahamas and Mexico. Ocean Services also provides technical ship management services for third-party vessel owners. Ocean Services contributed 53%, 50% and 54% of the Company’s consolidated operating revenues during the years ended December 31, 2019, 2018 and 2017, respectively. During the year ended December 31, 2019, one Ocean Services (U.S. Federal Government) customer accounted for \$79.6 million, or 10%, of the Company’s consolidated operating revenues.

Inland Transportation & Logistics Services (“Inland Services”). Inland Services markets and operates domestic river transportation equipment, and owns fleeting and high-speed multi-modal terminal locations adjacent to and along the U.S. Inland Waterways, primarily in the St. Louis, Memphis and Baton Rouge areas. Inland Services’ barges are primarily used for moving agricultural and industrial commodities and containers on the U.S. Inland Waterways, the Mississippi River, Illinois River, Tennessee River, Ohio River and their tributaries and the Gulf Intracoastal Waterways. Internationally, Inland Services also owns inland river liquid tank barges that operate on the Magdalena River in Colombia. These barges primarily transport petroleum products. Inland Services also has a 50% interest in dry-cargo barge operations on the Parana-Paraguay Waterway in Brazil, Bolivia, Paraguay, Argentina and Uruguay primarily transporting agricultural and industrial commodities, a 63% interest in towboat operations on the U.S. Inland Waterways and a 50% interest in grain terminals/elevators along the U.S. Inland waterways. Inland Services contributed 33%, 34% and 38% of the Company’s consolidated operating revenues during the years ended December 31, 2019, 2018 and 2017, respectively.

Witt O’Brien’s. Witt O’Brien’s provides crisis and emergency management services for both the public and private sectors. These services strengthen clients’ resilience and assist their response to natural and man-made disasters by enhancing their ability to prepare for, respond to and recover from such disasters, while mitigating the impact of future disruptions on operations and helping communities build back stronger. Witt O’Brien’s contributed 13%, 16% and 8% of the Company’s consolidated operating revenues during the years ended December 31, 2019, 2018 and 2017, respectively.

Other. The Company’s Other business segment includes CLEANCOR Energy Solutions LLC (“Cleancor”), a full service provider that designs, develops and maintains alternative energy and power solutions for end users looking to displace legacy petroleum-based fuels and adopt energy supplies that have a favorable environmental footprint. Cleancor provides liquefied natural gas (“LNG”) and compressed natural gas (“CNG”) fuel supply and logistics to commercial, industrial, agricultural and transportation customers and provides natural gas during pipeline supply interruptions due to planned maintenance or other curtailments (see Note 2). Other also has activities that primarily include noncontrolling investments in various other businesses, primarily sales, storage, and maintenance support for general aviation in Asia and an agricultural commodity trading and logistics business that is primarily focused on the global origination, and trading and merchandising of sugar and other commodities.

Discontinued Operations. The Company reports the historical financial position, results of operations and cash flows of disposed businesses as discontinued operations when it has no continuing interest in the business. On June 1, 2017, the Company completed the spin-off of SEACOR Marine Holdings Inc. (“SEACOR Marine”), the company that operated SEACOR’s Offshore Marine Services business segment, by means of a dividend of all the issued and outstanding common stock of SEACOR Marine to SEACOR’s shareholders (the “Spin-off”). SEACOR Marine is now an independent company whose common stock is listed on the New York Stock Exchange under the symbol “SMHI.” For all periods presented herein, the Company has reported the historical results of operations and cash flows of SEACOR Marine as discontinued operations (see Note 19).

On July 3, 2017, the Company completed the sale of its 70% interest in Illinois Corn Processing LLC (“ICP”), the company that operated SEACOR’s Illinois Corn Processing business segment. The Company received \$21.0 million in cash and a note from the buyer for \$32.8 million, after working capital adjustments, resulting in a gain of \$10.9 million, net of tax. On September 15, 2017, the Company received payment of the outstanding balance of the note, including accrued and unpaid interest. For all periods presented herein, the Company has reported the historical results of operations and cash flows of ICP as discontinued operations (see Note 19).

Basis of Consolidation. The consolidated financial statements include the accounts of SEACOR and its controlled subsidiaries. Control is generally deemed to exist if the Company has greater than 50% of the voting rights of a subsidiary. All significant intercompany accounts and transactions are eliminated in consolidation.

Noncontrolling interests in consolidated subsidiaries are included in the consolidated balance sheets as a separate component of equity. The Company reports consolidated net income inclusive of both the Company’s and the noncontrolling interests’ share, as well as the amounts of consolidated net income attributable to each of the Company and the noncontrolling interests. If a subsidiary is deconsolidated upon a change in control, any retained noncontrolled equity investment in the former controlled subsidiary is measured at fair value and a gain or loss is recognized in net income based on such fair value. If a subsidiary is consolidated upon a change in control, any previous noncontrolled equity investment in the subsidiary is measured at fair value and a gain or loss is recognized based on such fair value.

The Company employs the equity method of accounting for investments in 50% or less owned companies that it does not control but has the ability to exercise significant influence over the operating and financial policies of the business venture. Significant influence is generally deemed to exist if the Company has between 20% and 50% of the voting rights of a business venture but may exist when the Company’s ownership percentage is less than 20%. In certain circumstances, the Company may have an economic interest in excess of 50% but may not control and consolidate the business venture. Conversely, the Company may have an economic interest less than 50% but may control and consolidate the business venture. The Company reports its investments in and advances to these business ventures in the accompanying consolidated balance sheets as investments, at equity, and advances to 50% or less owned companies. The Company reports its share of earnings or losses from investments in 50% or less owned companies in the accompanying consolidated statements of income as equity in earnings (losses) of 50% or less owned companies, net of tax.

The Company employs the cost method of accounting for investments in 50% or less owned companies it does not control or exercise significant influence. These investments in private companies are carried at cost and are adjusted only for capital distributions and other-than-temporary declines in fair value.

Acquisition of Noncontrolling Interest. On August 2, 2019, the Company, through certain subsidiaries, became the sole owner of the SEA-Vista joint venture by acquiring the 49% interest (the “Remaining SEA-Vista Interest”) that had been owned by ACP III Tankers, LLC (the “Seller”), an affiliate of Avista Capital Partners. As consideration for the Remaining SEA-Vista Interest, SEACOR issued 1,500,000 shares of Common Stock to the Seller (the “Consideration Shares”), in a noncash transaction, and the Company paid \$107.7 million in cash, inclusive of expenses related to the transaction (see Notes 12 and 13).

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates include those related to allowance for doubtful accounts, useful lives of property and equipment, impairments, income tax provisions and certain accrued liabilities. Actual results could differ from those estimates and those differences may be material.

Adoption of New Accounting Standards. On January 1, 2019, the Company adopted Financial Accounting Standards Board (“FASB”) Topic 842, *Leases* (“Topic 842”) using a modified prospective approach and implemented internal controls and systems to enable the preparation of financial information upon adoption. The Company elected the available practical expedients permitted under the guidance including the option to not separate lease and nonlease components in calculating the right-of-use assets and corresponding lease liabilities and to not apply the recognition requirements of Topic 842 to short-term leases (leases that have a duration of twelve months or less at lease inception). Generally, it was not possible for the Company to determine the interest rate implicit in each of its operating leases and therefore used its incremental borrowing rate in calculating operating lease right-of-use assets and lease liabilities. The Company assigned its leases to portfolios based on the remaining term at the time of adoption and applied a single rate to each portfolio of leases as the result was not materially different than using a specific discount rate for each individual lease. The Company included renewal options that were reasonably certain of being exercised in determining the lease term. Upon adoption, the Company recorded operating lease right-of-use assets and lease liabilities of \$175.0 million for certain of its equipment, offices, real property and land leases (see Note 8). In addition, the Company recognized a cumulative-effect adjustment of \$25.4 million, net of tax, to the opening balance of retained earnings primarily for previously deferred gains related to sale-leaseback transactions.

On January 1, 2018, the Company adopted Financial Accounting Standard Board (“FASB”) Topic 606, *Revenue from Contracts with Customers* (“Topic 606”). As a consequence of adopting Topic 606, the Company now recognizes all of the operating revenues and expenses associated with the dry-cargo barge pools it manages along with additional operating expenses reflective of barge pool earnings attributable to third-party barge owners and not the Company in its capacity as manager. Under Topic 606, the Company determined it was a principal with respect to the third-party barge owners. Previously, the Company recognized operating revenues and expenses only for its proportionate share of the barge pools in which it participated, as it acted as an agent. All prior periods have been adjusted to reflect the retrospective adoption of Topic 606, which resulted in additional revenues and operating expenses of \$73.0 million for the year ended December 31, 2017. The adoption of Topic 606 had no impact on previously reported balance sheets, operating income, net income or earnings (loss) per share.

On January 1, 2018, the Company adopted ASU 2016-16, *Intra-Entity Transfers of Assets Other Than Inventory*, which eliminates the deferral of the tax effects of intercompany asset sales other than inventory until the transferred assets are sold to a third party or recovered through use. As a result of the adoption of the standard, the deferred tax charges previously recognized from those sales resulted in a decrease in deferred tax assets and a cumulative adjustment to retained earnings of \$2.5 million in the consolidated balance sheets and statements of changes in equity as of January 1, 2018.

Revenue Recognition. The Company earns revenues from contracts with customers and from lease contracts.

Revenue from Contracts with Customers. Revenue is recognized when (or as) the Company transfers promised goods or services to its customers in amounts that reflect the consideration to which the Company expects to be entitled to in exchange for those goods or services, which occurs when (or as) the Company satisfies its contractual obligations and transfers control of the promised goods or services to its customers. Costs to obtain or fulfill a contract are expensed as incurred.

Ocean Services' revenues from contracts with customers primarily arise from voyage charters, contracts of affreightment, tariff based port and infrastructure services, unit freight logistics services, and technical ship management agreements with vessel owners (see Note 18). Ocean Services transfers control of the service to the customer and satisfies its performance obligation over the term of the contract, and therefore recognizes revenue over the term of the contract while related costs are expensed as incurred. Voyage charters are contracts to carry cargoes on a single voyage basis for a predetermined price, regardless of time to complete. Contracts of affreightment are contracts for cargoes that are committed on a multi-voyage basis for various periods of time, with minimum and maximum cargo tonnages specified over the period at a fixed or escalating rate per ton. Tariff based port and infrastructure services typically include operating harbor tugs alongside oceangoing vessels to escort them to their berth, assisting with the docking and undocking of these oceangoing vessels and escorting them back out to sea. They are contracted using prevailing port tariff terms on a per-use basis. In the unit freight logistics trade, transportation services typically include transporting shipping containers, rail cars, project cargoes, automobiles and U.S. military vehicles and are generally contracted on a per unit basis for the specified cargo and destination, typically in accordance with a publicly available tariff rate or based on a negotiated rate when moving larger volumes over an extended period. Managed services include technical ship and crew management agreements whereby Ocean Services provides technical ship and crew management services to third-party customers for a predetermined price over a specified period of time, typically a year or more.

Inland Services' revenues from contracts with customers primarily arise from contracts of affreightment, terminal operations, fleeting operations and repair and maintenance services (see Note 18). Inland Services transfers control of the service to the customer and satisfies its performance obligation over the term of the contract, and therefore recognizes revenue over the term of the contract while related costs are expensed as incurred. Contracts of affreightment are contracts whereby customers are charged an established rate per ton to transport cargo from point-to-point. Terminal operations includes tank farms and dry bulk and container handling facilities that are marketed under contractual rates and terms driven by throughput volume. Fleeting operations includes fleeting services whereby barges are held in fleeting areas for an agreed-upon day rate and shifting services whereby harbor boats are used to pick up and drop off barges to assist in assembling tows and to move barges to and from the dock for loading and unloading at predetermined per-shift fees. Other operations primarily include a machine shop specializing in towboat and barge cleaning, repair and maintenance services that are charged on an hourly or a fixed fee basis depending on the scope and nature of the work.

Witt O'Brien's revenues from contracts with customers primarily arise from time and material and retainer contracts (see Note 18). Witt O'Brien's transfers control of the service to the customer and satisfies its performance obligation over the term of the contract, and therefore recognizes revenue over the term of the contract while related costs are expensed as incurred. Time and material contracts primarily relate to emergency response, debris management or consulting services that Witt O'Brien's performs for a predetermined fee. Retainer contracts, which are nearly all with vessel services operators and oil companies, are contracted based on agreed-upon rates.

The Company's Other business segment includes Cleancor, which primarily earns revenues from the sale of liquefied natural gas (see Note 18). Under these arrangements, control of the goods are transferred to the customer and performance obligations are satisfied at a point in time, and therefore revenue is recognized upon delivery while any related costs are expensed as incurred.

Contract liabilities from contracts with customers arise when the Company has received consideration prior to performance and are included in other current liabilities in the accompanying consolidated balance sheets. The Company's contract liability activity for the years ended December 31, were as follows (in thousands):

	2019	2018
Balance at beginning of period	\$ 968	\$ 983
Previously deferred revenues recognized upon completion of performance obligations during the period	(968)	(983)
Net contract liabilities arising during the period	794	968
Balance at end of period	<u>\$ 794</u>	<u>\$ 968</u>

Lease Revenues. The Company's lease revenues are primarily from time charters, bareboat charters and non-vessel rental agreements that are recognized ratably over the lease term as services are provided, typically on a per day basis. Under a time charter, the Company provides a vessel to a customer for a set term and is responsible for all operating expenses, typically excluding fuel. Under a bareboat charter, the Company provides a vessel to a customer for a set term and the customer assumes responsibility for all operating expenses and risks of operation. Under a non-vessel rental agreement, the Company provides non-vessel property or equipment to a customer for a set term and the customer assumes responsibility for all operating expenses and risks of operation.

Cash Equivalents. The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash equivalents consist of U.S. treasury securities, money market instruments, time deposits and overnight investments.

Restricted Cash and Restricted Cash Equivalents. Restricted cash and restricted cash equivalents primarily relates to cash collateral for letters of credit and banking facility requirements.

Marketable Securities. Marketable equity securities and debt securities with readily determinable fair values are reported in the accompanying consolidated balance sheets as marketable securities. These investments are stated at fair value, as determined by their observable market prices, with both realized and unrealized gains and losses reported in the accompanying consolidated statements of income as marketable security gains (losses), net. Short sales of marketable securities are stated at fair value in the accompanying consolidated balance sheets with both realized and unrealized gains and losses reported in the accompanying consolidated statements of income as marketable security gains (losses), net. Long and short marketable security positions are primarily in energy, marine, transportation and other related businesses. Marketable securities are classified as trading securities for financial reporting purposes with gains and losses reported as operating activities in the accompanying consolidated statements of cash flows.

Trade Receivables. Customers of Ocean Services are primarily multinational oil companies, refining companies, oil trading companies, major gasoline retailers, large industrial consumers of crude, petroleum and chemicals, trading houses, pools, major automobile manufacturers and shippers, the U.S. government and regional power utilities. Customers of Inland Services are primarily major agricultural companies, fertilizer companies, trading companies and industrial companies. Customers of Witt O'Brien's are primarily governments, energy companies, ship managers and owners, healthcare providers, universities and school systems. Customers of the Company's other business activities primarily include agricultural and feed companies, asphalt producers and municipalities and government agencies. All customers are granted credit on a short-term basis and related credit risks are considered minimal. The Company routinely reviews its trade receivables and makes provisions for probable doubtful accounts; however, those provisions are estimates and actual results could differ from those estimates and those differences may be material. Trade receivables are deemed uncollectible and removed from accounts receivable and the allowance for doubtful accounts when collection efforts have been exhausted.

Other Receivables. Other receivables primarily consists of income tax and insurance claim receivables. Other receivables also includes amounts due from certain of the Company's 50% or less owned companies for working capital in excess of working capital advances, which are typically settled monthly in arrears.

Derivative Instruments. The Company accounts for derivatives through the use of a fair value concept whereby all of the Company's derivative positions are stated at fair value in the accompanying consolidated balance sheets. Realized and unrealized gains and losses on derivatives not designated as hedges are reported in the accompanying consolidated statements of income as derivative gains. Realized and unrealized gains and losses on derivatives designated as fair value hedges are recognized as corresponding increases or decreases in the fair value of the underlying hedged item to the extent they are effective, with any ineffective portion reported in the accompanying consolidated statements of income as derivative gains. Realized and unrealized gains and losses on derivatives designated as cash flow hedges are reported as a component of other comprehensive income (loss) in the accompanying consolidated statements of comprehensive income to the extent they are effective and reclassified into earnings on the same line item associated with the hedged transaction and in the same period the hedged transaction affects earnings. Any

ineffective portions of cash flow hedges are reported in the accompanying consolidated statements of income as derivative gains. Realized and unrealized gains and losses on derivatives designated as cash flow hedges that are entered into by the Company's 50% or less owned companies are also reported as a component of the Company's other comprehensive income (loss) in proportion to the Company's ownership percentage, with reclassifications and ineffective portions being included in equity in earnings (losses) of 50% or less owned companies, net of tax, in the accompanying consolidated statements of income.

Concentrations of Credit Risk. The Company is exposed to concentrations of credit risk associated with its cash, cash equivalents, restricted cash and restricted cash equivalents, construction reserve funds and derivative instruments. The Company minimizes its credit risk relating to these positions by monitoring the financial condition of the financial institutions and counterparties involved and by primarily conducting business with large, well-established financial institutions and diversifying its counterparties. The Company does not currently anticipate nonperformance of its significant counterparties. The Company is also exposed to concentrations of credit risk relating to its receivables due from customers in the industries described above. The Company does not generally require collateral or other security to support its outstanding receivables. The Company minimizes its credit risk relating to receivables by performing ongoing credit evaluations and, to date, credit losses have not been material.

Inventories. Inventories are stated at the lower of cost (using the first-in, first-out method) or market. Inventories consist primarily of fuel and fuel oil consumed by the Company's vessels in its Ocean Services and Inland Services business segments. The Company records write-downs, as needed, to adjust the carrying amount of inventories to the lower of cost or market. During the years ended December 31, 2019, 2018 and 2017, the Company had no market write-downs of inventory.

Property and Equipment. Equipment, stated at cost, is depreciated using the straight line method over the estimated useful life of the asset to an estimated salvage value. With respect to each class of asset, the estimated useful life is typically based upon a newly built asset being placed into service and represents the point at which it is typically not justifiable for the Company to continue to operate the asset in the same or similar manner. From time to time, the Company may acquire older assets that have already exceeded their useful life as set forth in the Company's useful life policy, in which case the Company depreciates such assets based on its best estimate of remaining useful life, typically the next survey or certification date.

As of December 31, 2019, the estimated useful life (in years) of each of the Company's major classes of new equipment was as follows:

Petroleum and chemical carriers - U.S.-flag	25
Bulk carriers - U.S.-flag	25
Harbor and offshore tugs	25
Ocean liquid tank barges	25
Short-sea container/RORO ⁽¹⁾ vessels	20
Inland river dry-cargo and specialty barges	20
Inland river liquid tank barges	25
Inland river towboats and harbor boats	25
Terminal and fleeting facilities	20

(1) Roll On/Roll Off.

The Company's major classes of property and equipment as of December 31, were as follows (in thousands):

2019	Historical Cost⁽¹⁾	Accumulated Depreciation	Net Book Value
Ocean Services:			
Petroleum and chemical carriers - U.S.-flag	\$ 649,795	\$ (267,894)	\$ 381,901
Harbor and offshore tugs - U.S.-flag	133,419	(47,637)	85,782
Harbor tugs - Foreign-flag	45,379	(16,067)	29,312
Ocean liquid tank barges - U.S.-flag	39,238	(16,171)	23,067
Short-sea container/RORO - Foreign-flag	27,073	(11,990)	15,083
Bulk carriers - U.S.-flag	13,000	(9,800)	3,200
Other ⁽²⁾	21,516	(10,994)	10,522
Construction in Progress	2,847	—	2,847
	<u>932,267</u>	<u>(380,553)</u>	<u>551,714</u>
Inland Services:			
Dry-cargo barges	225,278	(118,615)	106,663
Specialty barges	3,828	(2,344)	1,484
Liquid tank barges	19,784	(3,684)	16,100
Towboats	62,207	(4,981)	57,226
Harbor boats	19,296	(9,324)	9,972
Terminal and fleeting facilities	103,455	(65,960)	37,495
Other ⁽²⁾	27,536	(11,388)	16,148
Construction in Progress	7,736	—	7,736
	<u>469,120</u>	<u>(216,296)</u>	<u>252,824</u>
Witt O'Brien's:			
Other ⁽²⁾	1,134	(993)	141
Other:			
Other ⁽³⁾	8,897	(2,450)	6,447
Corporate and Eliminations:			
Other ⁽²⁾	30,964	(23,732)	7,232
	<u>\$ 1,442,382</u>	<u>\$ (624,024)</u>	<u>\$ 818,358</u>

(1) Includes property and equipment acquired in business acquisitions at acquisition date fair value.

(2) Includes land and buildings, leasehold improvements, fixed-wing aircraft, vehicles and other property and equipment.

(3) Includes LNG Equipment and other property and equipment.

2018	Historical Cost⁽¹⁾	Accumulated Depreciation	Net Book Value
Ocean Services:			
Petroleum and chemical carriers - U.S.-flag	\$ 649,795	\$ (241,604)	\$ 408,191
Harbor and offshore tugs - U.S.-flag	132,697	(41,764)	90,933
Harbor tugs - Foreign-flag	45,379	(13,822)	31,557
Ocean liquid tank barges - U.S.-flag	39,238	(14,649)	24,589
Short-sea container/RORO - Foreign-flag	29,846	(10,644)	19,202
Bulk carriers - U.S.-flag	13,000	(9,800)	3,200
Other ⁽²⁾	20,073	(9,716)	10,357
Construction in Progress	202	—	202
	<u>930,230</u>	<u>(341,999)</u>	<u>588,231</u>
Inland Services:			
Dry-cargo barges	222,539	(106,157)	116,382
Specialty barges	3,828	(1,904)	1,924
Liquid tank barges	20,011	(3,054)	16,957
Towboats	43,998	(3,294)	40,704
Harbor boats	18,695	(8,047)	10,648
Terminal and fleeting facilities	99,696	(62,274)	37,422
Other ⁽²⁾	22,213	(10,364)	11,849
Construction in Progress	7,868	—	7,868
	<u>438,848</u>	<u>(195,094)</u>	<u>243,754</u>
Witt O'Brien's:			
Other ⁽²⁾	1,227	(1,031)	196
Other:			
Other ⁽³⁾	6,892	(490)	6,402
Corporate and Eliminations:			
Other ⁽²⁾	30,132	(22,205)	7,927
	<u>\$ 1,407,329</u>	<u>\$ (560,819)</u>	<u>\$ 846,510</u>

(1) Includes property and equipment acquired in business acquisitions at acquisition date fair value.

(2) Includes land and buildings, leasehold improvements, fixed-wing aircraft, vehicles and other property and equipment.

(3) Includes LNG Equipment and other property and equipment.

During the years ended December 31, 2019, 2018 and 2017, depreciation expense totaled \$65.0 million, \$69.9 million and \$72.1 million, respectively.

Equipment maintenance and repair costs and the costs of routine overhauls, dry-dockings and inspections performed on vessels and equipment are charged to operating expense as incurred. Expenditures that extend the useful life or improve the marketing and commercial characteristics of equipment as well as major renewals and improvements to other properties are capitalized.

Certain interest costs incurred during the construction of equipment are capitalized as part of the assets' carrying values and are amortized over such assets' estimated useful lives. During the years ended December 31, 2019, 2018 and 2017, capitalized interest totaled \$0.1 million, \$0.2 million and \$2.7 million, respectively.

As of December 31, 2019, the Company's construction in progress totaling \$12.5 million primarily consisted of the construction of harbor tugs, inland river towboats and other Inland Services equipment, and is included in historical cost in the accompanying consolidated balance sheets.

Intangible Assets. The Company's intangible assets primarily arose from business acquisitions (see Note 2) and consist of trademarks and tradenames, customer relationships and acquired contractual rights. These intangible assets are amortized over their estimated useful lives generally ranging from one to 15 years. During the years ended December 31, 2019, 2018 and 2017, the Company recognized amortization expense of \$3.6 million, \$4.7 million and \$2.9 million, respectively.

The Company's intangible assets by type were as follows (in thousands):

	Trademark/ Tradenames	Customer Relationships	Acquired Contractual Rights	Total
Gross Carrying Value				
Year Ended December 31, 2017	\$ 3,324	\$ 15,365	\$ 18,358	\$ 37,047
Acquired intangible assets	—	1,120	—	1,120
Fully amortized intangible assets	—	(1,120)	—	(1,120)
Year Ended December 31, 2018	3,324	15,365	18,358	37,047
Acquired intangible assets	—	—	—	—
Year Ended December 31, 2019	\$ 3,324	\$ 15,365	\$ 18,358	\$ 37,047
Accumulated Amortization				
Year Ended December 31, 2017	\$ (1,980)	\$ (5,146)	\$ (1,815)	\$ (8,941)
Amortization expense	(332)	(2,402)	(1,941)	(4,675)
Fully amortized intangible assets	—	1,120	—	1,120
Year Ended December 31, 2018	(2,312)	(6,428)	(3,756)	(12,496)
Amortization expense	(332)	(1,282)	(1,941)	(3,555)
Year Ended December 31, 2019	\$ (2,644)	\$ (7,710)	\$ (5,697)	\$ (16,051)
Weighted average remaining contractual life, in years	2.0	7.1	7.1	6.9

Future amortization expense of intangible assets for each of the years ended December 31, is as follows (in thousands):

2020	\$ 3,555
2021	3,571
2022	2,866
2023	2,852
2024	2,833
Years subsequent to 2024	5,319
	<u>\$ 20,996</u>

Impairment of Long-Lived Assets. The Company performs an impairment analysis of long-lived assets used in operations, including intangible assets, when indicators of impairment are present. These indicators may include a significant decrease in the market price of a long-lived asset or asset group, a significant adverse change in the extent or manner in which a long-lived asset or asset group is being used or in its physical condition, or a current period operating or cash flow loss combined with a history of operating or cash flow losses or a forecast that demonstrates continuing losses associated with the use of a long-lived asset or asset group. If the carrying values of the assets are not recoverable, as determined by the estimated undiscounted cash flows, the estimated fair value of the assets or asset groups are compared to their current carrying values and impairment charges are recorded if the carrying value exceeds fair value. The Company performs its testing on an asset or asset group basis. Generally, fair value is determined using valuation techniques, such as expected discounted cash flows or appraisals, as appropriate. During the years ended December 31, 2019 and 2018, the Company did not recognize any impairment charges related to its property and equipment held for use. During the year ended December 31, 2017, the Company recognized impairment charges of \$0.4 million related to property and equipment held for use, which are included in gains (losses) on asset dispositions and impairments, net in the accompanying consolidated statements of income.

Impairment of 50% or Less Owned Companies. Investments in 50% or less owned companies are reviewed periodically to assess whether there is an other-than-temporary decline in the carrying value of the investment. In its evaluation, the Company considers, among other items, recent and expected financial performance and returns, impairments recorded by the investee and the capital structure of the investee. Generally, fair value is determined using valuation techniques, such as expected discounted cash flows or appraisals, as appropriate. When the Company determines the estimated fair value of an investment is below carrying value and the decline is other-than-temporary, the investment is written down to its estimated fair value. Actual results may vary from the Company's estimates due to the uncertainty regarding projected financial performance, the severity and expected duration of declines in value, and the available liquidity in the capital markets to support the continuing operations of the investee, among other factors. Although the Company believes its assumptions and estimates are reasonable, the investee's actual performance compared with the estimates could produce different results and lead to additional impairment charges in future periods. During the year ended

December 31, 2019, the Company did not recognize any impairment charges related to its 50% or less owned companies. During the years ended December 31, 2018 and 2017, the Company recognized impairment charges of \$0.1 million and \$0.9 million, respectively, related to its 50% or less owned companies, which are included in equity in earnings (losses) of 50% or less owned companies, net of tax in the accompanying consolidated statements of income (see Note 4).

Goodwill. Goodwill is recorded when the purchase price paid for an acquisition exceeds the fair value of net identified tangible and intangible assets acquired. As of December 31, 2019, substantially all of the Company's goodwill is related to Witt O'Brien's. The Company performs an annual impairment test of goodwill on October 1 of each year and further periodic tests to the extent indicators of impairment develop between annual impairment tests. The Company's impairment review process compares the fair value of the reporting unit to its carrying value, including the goodwill, related to the reporting unit. To determine the fair value of the reporting unit, the Company may use various approaches including an asset or cost approach, market approach or income approach or any combination thereof. These approaches may require the Company to make certain estimates and assumptions including projections of future cash flows, revenues and expenses. These estimates and assumptions are reviewed each time the Company tests goodwill for impairment and are typically developed as part of the Company's routine business planning and forecasting process. Although the Company believes its assumptions and estimates are reasonable, the Company's actual performance against its estimates could produce different results and lead to impairment charges in future periods. During the years ended December 31, 2019, 2018 and 2017, the Company did not recognize any impairment charges related to its goodwill.

Business Combinations. The Company recognizes 100% of the fair value of assets acquired, liabilities assumed, and noncontrolling interests when the acquisition constitutes a change in control of the acquired entity. Shares issued in consideration for a business combination, contingent consideration arrangements and pre-acquisition loss and gain contingencies are all measured and recorded at their acquisition-date fair value. Subsequent changes to fair value of contingent consideration arrangements are generally reflected in earnings. Any in-process research and development assets acquired are capitalized as are certain acquisition-related restructuring costs if the criteria related to exit or disposal cost obligations are met as of the acquisition date. Acquisition-related transaction costs are expensed as incurred and any changes in income tax valuation allowances and tax uncertainty accruals are recorded as an adjustment to income tax expense (benefit). The operating results of entities acquired are included in the accompanying consolidated statements of income from the date of acquisition (see Note 2).

Debt Discount and Issuance Costs. Debt discounts and costs incurred in connection with the issuance of debt are amortized over the life of the related debt using the effective interest rate method for term loans and straight line method for revolving credit facilities and is included in interest expense in the accompanying consolidated statements of income.

Self-insurance Liabilities. The Company maintains hull, liability and war risk, general liability, workers compensation and other insurance customary in the industries in which it operates. Certain excess and property insurance policies are obtained through SEACOR sponsored programs, with premiums charged to participating businesses based on management's risk assessment or insured asset values. The marine hull and liability policies have significant annual aggregate deductibles that are accrued based on actual claims incurred. The Company also maintains self-insured health benefit plans for its participating employees. Exposure to the health benefit plans are limited by maintaining stop-loss and aggregate liability coverage. To the extent that estimated self-insurance losses, including the accrual of annual aggregate deductibles, differ from actual losses realized, the Company's insurance reserves could differ significantly and may result in either higher or lower insurance expense in future periods.

Income Taxes. Deferred income tax assets and liabilities have been provided in recognition of the income tax effect attributable to the book and tax basis differences of assets and liabilities reported in the accompanying consolidated financial statements. Deferred tax assets or liabilities are provided using the enacted tax rates expected to apply to taxable income in the periods in which they are expected to be settled or realized. Interest and penalties relating to uncertain tax positions are recognized in interest expense and administrative and general, respectively, in the accompanying consolidated statements of income. The Company records a valuation allowance to reduce its deferred tax assets if it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company records any liability associated with global intangible low-taxed income (GILTI) in the period it is incurred.

In the normal course of business, the Company may be subject to challenges from tax authorities regarding the amount of taxes due. These challenges may alter the timing or amount of taxable income or deductions. As part of the calculation of income tax expense (benefit), the Company determines whether the benefits of its tax positions are at least more likely than not of being sustained based on the technical merits of the tax position. For tax positions that are more likely than not of being sustained, the Company accrues the largest amount of the tax benefit that is more likely than not of being sustained. Such accruals require management to make estimates and judgments with respect to the ultimate outcome of its tax benefits and actual results could vary materially from these estimates.

Deferred Gains – Equipment Sale-Leaseback Transactions and Financed Equipment Sales. From time to time, the Company enters into equipment sale-leaseback transactions with finance companies or provides seller financing on sales of its equipment to third parties or 50% or less owned companies. A portion of the gains realized from these transactions is not immediately recognized in income and has been recorded in the accompanying consolidated balance sheets in deferred gains and other liabilities. In sale-leaseback transactions (see Note 3), gains are deferred to the extent of the present value of future minimum lease payments and are amortized as reductions to rental expense over the applicable lease terms. In financed equipment sales (see Note 3), gains are deferred to the extent that the repayment of purchase notes is dependent on the future operations of the sold equipment and are amortized based on cash received from the buyers. Deferred gain activity related to these transactions for the years ended December 31, was as follows (in thousands):

	2019	2018	2017
Balance at beginning of year	\$ 39,102	\$ 66,519	\$ 74,774
Impact of adoption of accounting principle ⁽¹⁾	(29,207)	—	—
Deferred gains arising from equipment sales	—	—	13,336
Amortization of deferred gains included in operating expenses as a reduction to rental expense	—	(12,774)	(15,035)
Amortization of deferred gains included in gains on asset dispositions and impairments, net	(1,127)	(11,591)	(602)
Reclassification of deferred gains into historical cost on reacquired property and equipment	—	(3,052)	(5,954)
Balance at end of year	<u>\$ 8,768</u>	<u>\$ 39,102</u>	<u>\$ 66,519</u>

(1) On January 1, 2019 the Company adopted Topic 842 and reduced deferred gains associated with sale-leaseback transactions through a beginning period retained earnings adjustment.

Deferred Gains – Equipment Sales to the Company's 50% or Less Owned Companies. A portion of the gains realized from non-financed sales of the Company's vessels and barges to its 50% or less owned companies is not immediately recognized in income and has been recorded in the accompanying consolidated balance sheets in deferred gains and other liabilities. Effective January 1, 2009, the Company adopted new accounting rules related to the sale of its vessels and barges to its 50% or less owned companies. In most instances, these sale transactions are now considered a sale of a business in which the Company relinquishes control to its 50% or less owned companies. Subsequent to the adoption of the new accounting rules, gains are deferred only to the extent of the Company's uncalled capital commitments and are amortized as those commitments lapse or funded amounts are returned. For transactions occurring prior to the adoption of the new accounting rules, gains were deferred and are being amortized based on the Company's ownership interest, cash received and the applicable equipment's useful lives. Deferred gain activity related to these transactions for the years ended December 31, was as follows (in thousands):

	2019	2018	2017
Balance at beginning of year	\$ 4,562	\$ 5,934	\$ 7,649
Amortization of deferred gains included in gains on asset dispositions and impairments, net	(1,322)	(1,372)	(1,715)
Balance at end of year	<u>\$ 3,240</u>	<u>\$ 4,562</u>	<u>\$ 5,934</u>

Stock Based Compensation. Stock based compensation is amortized to compensation expense on a straight line basis over the requisite service period of the grants using the Black-Scholes valuation model. The Company does not estimate forfeitures in its expense calculations as forfeiture history has been minor. The Company presents the excess tax benefits from the exercise of stock options as a financing cash flow in the accompanying consolidated statements of cash flows.

Foreign Currency Translation. The assets, liabilities and results of operations of certain SEACOR subsidiaries are measured using their functional currency, which is the currency of the primary foreign economic environment in which they operate. Upon consolidating these subsidiaries with SEACOR, their assets and liabilities are translated to U.S. dollars at currency exchange rates as of the balance sheet dates and their revenues and expenses are translated at the weighted average currency exchange rates during the applicable reporting periods. Translation adjustments resulting from the process of translating these subsidiaries' financial statements are reported in other comprehensive income (loss) in the accompanying consolidated statements of comprehensive income.

Accumulated Other Comprehensive Loss. The components of accumulated other comprehensive loss were as follows (in thousands):

	SEACOR Holdings Inc. Stockholders' Equity				Noncontrolling Interests			Other Comprehensive Income (Loss)
	Foreign Currency Translation Adjustments	Derivative Gains (Losses) on Cash Flow Hedges, net	Other	Total	Foreign Currency Translation Adjustments	Derivative Losses on Cash Flow Hedges, net	Other	
Year ended								
December 31, 2016	\$ (11,593)	\$ 75	\$ 4	\$ (11,514)	\$ (1,613)	\$ (17)	\$ 3	
Discontinued Operations	10,031	94	—	10,125	1,460	4	2	
Other comprehensive income (loss)	1,812	(260)	(6)	1,546	153	13	(5)	\$ 1,707
Income tax (expense) benefit	(795)	91	2	(702)	—	—	—	(702)
Year ended								
December 31, 2017	(545)	—	—	(545)	—	—	—	\$ 1,005
Other comprehensive loss	(391)	—	—	(391)	—	—	—	\$ (391)
Income tax benefit	22	—	—	22	—	—	—	22
Year ended								
December 31, 2018	(914)	—	—	(914)	—	—	—	\$ (369)
Other comprehensive income (loss)	(83)	67	—	(16)	—	—	—	\$ (16)
Income tax expense	(68)	—	—	(68)	—	—	—	(68)
Year ended								
December 31, 2019	\$ (1,065)	\$ 67	\$ —	\$ (998)	\$ —	\$ —	\$ —	\$ (84)

Foreign Currency Transactions. Certain SEACOR subsidiaries enter into transactions denominated in currencies other than their functional currency. Gains and losses resulting from changes in currency exchange rates between the functional currency and the currency in which a transaction is denominated are included in foreign currency gains (losses), net in the accompanying consolidated statements of income in the period in which the currency exchange rates change.

Earnings Per Share. Basic earnings per common share of SEACOR are computed based on the weighted average number of common shares issued and outstanding during the relevant periods. Diluted earnings per common share of SEACOR are computed based on the weighted average number of common shares issued and outstanding plus the effect of potentially dilutive securities through the application of the treasury stock and if-converted methods. Dilutive securities for this purpose assumes restricted stock grants have vested, common shares have been issued pursuant to the exercise of outstanding stock options and common shares have been issued pursuant to the conversion of all outstanding convertible notes.

Computations of basic and diluted earnings per common share of SEACOR for the years ended December 31, were as follows (in thousands, except share data):

	Net Income	Average o/s Shares	Per Share
2019			
Basic Weighted Average Common Shares Outstanding	\$ 26,774	18,949,981	\$ 1.41
Effect of Dilutive Securities:			
Options and Restricted Stock ⁽¹⁾	—	129,250	
Convertible Securities ⁽²⁾⁽³⁾	1,273	1,227,101	
Diluted Weighted Average Common Shares Outstanding	\$ 28,047	20,306,332	\$ 1.38
2018			
Basic Weighted Average Common Shares Outstanding	\$ 58,148	18,080,778	\$ 3.22
Effect of Dilutive Securities:			
Options and Restricted Stock ⁽¹⁾	—	267,810	
Convertible Securities ⁽²⁾⁽³⁾	1,273	1,227,101	
Diluted Weighted Average Common Shares Outstanding	\$ 59,421	19,575,689	\$ 3.04
2017			
Basic Weighted Average Common Shares Outstanding	\$ 61,643	17,368,081	\$ 3.55
Effect of Dilutive Securities:			
Options and Restricted Stock ⁽¹⁾	—	308,012	
Convertible Securities	14,346	5,258,065	
Diluted Weighted Average Common Shares Outstanding	\$ 75,989	22,934,158	\$ 3.31

(1) For the years ended December 31, 2019, 2018 and 2017, diluted earnings per common share of SEACOR excluded 827,222, 333,510 and 1,924,217, respectively, of certain share awards as the effect of their inclusion in the computation would be anti-dilutive.

(2) For the years ended December 31, 2019 and 2018 diluted earnings per common share of SEACOR excluded 928,464 and 1,946,917 shares, respectively, issuable pursuant to the Company's 3.0% Convertible Senior Notes (see Note 7) as the effect of their inclusion in the computation would be anti-dilutive.

(3) For the years ended December 31, 2019 and 2018 diluted earnings per share of SEACOR excluded 1,553,780 and 983,351 shares, respectively, issuable pursuant to the Company's 3.25% Convertible Senior Notes (see Note 7) as the effect of their inclusion in the computation would be anti-dilutive.

New Accounting Pronouncements. On June 16, 2016, the FASB issued an amendment to the accounting standards, which replaces the current incurred loss impairment methodology for financial assets measured at amortized cost with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information, including forecasted information, to develop credit loss estimates. The new standard is effective for interim and annual periods beginning after December 15, 2019. The Company does not expect the adoption of the new standard will have a material impact on its consolidated financial position, results of operations or cash flows.

On January 26, 2017, the FASB issued an amendment to the accounting standards, which simplified wording and removed step two of the goodwill impairment test. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. The FASB also eliminated the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and, if it fails that qualitative test, to perform step two of the goodwill test. The new standard is effective for annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2020, with early adoption permitted for interim or annual goodwill impairment tests on testing dates after January 1, 2017. The Company has not yet determined what impact, if any, the adoption of the new standard will have on its consolidated financial position, results of operations or cash flows.

On August 29, 2018, the FASB issued an amendment to the accounting standards, which requires implementation costs incurred by customers in cloud computing arrangements to be deferred and recognized over the term of the arrangement, if those costs would be capitalized by the customers in a software licensing arrangement. The guidance will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019, with early adoption permitted. The Company does not expect the new standard to have a material impact on its consolidated financial position, results of operations or cash flows.

On December 18, 2019, the FASB issued an amendment to the accounting standards, which enhances and simplifies various aspects of the income tax accounting guidance including the elimination of certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The new guidance also simplifies aspects of the accounting for franchise taxes and enacted changes in tax laws or rates and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. The guidance will be

effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, with early adoption permitted. The Company has not yet determined what impact, if any, the adoption of the new standard will have on its consolidated financial position, results of operations or cash flows.

2. BUSINESS ACQUISITIONS

Cleancor. On June 1, 2018, the Company acquired a controlling interest in Cleancor, a full service solution provider that delivers clean fuel to end users displacing legacy petroleum-based fuels, through the acquisition of its partners' 50% equity interest for \$3.2 million in cash. In addition, immediately prior to consolidation, the Company contributed as capital \$1.9 million of notes receivable due from Cleancor. The Company performed a fair value analysis and the purchase price was allocated to the acquired assets and liabilities based on their fair value resulting in no goodwill being recorded.

SCA. On March 1, 2018, the Company acquired Strategic Crisis Advisors LLC ("SCA") for \$1.5 million to be paid in two installments. The purchase price includes \$0.9 million in contingent consideration that is dependent upon SCA meeting predetermined revenue targets for the twelve months following the acquisition date. The Company performed a fair value analysis and the purchase price was allocated to the acquired assets and liabilities based on their fair value resulting in no goodwill being recorded.

ISH. On July 3, 2017, International Shipholding Corporation ("ISH") emerged from bankruptcy pursuant to its chapter 11 plan of reorganization (the "Plan") confirmed by the U.S. Bankruptcy Court for the Southern District of New York (the "ISH Acquisition"). Pursuant to the Plan, SEACOR Ocean Transport Inc., a wholly-owned subsidiary of SEACOR, acquired all of the equity of the reorganized ISH. Under the terms of the Plan, the Company paid consideration consisting of \$10.5 million in cash, converted \$18.1 million of debtor-in-possession financing into equity and assumed \$28.7 million of debt primarily from a new credit facility that was secured by the assets and equity of ISH and was non-recourse to SEACOR and its subsidiaries other than ISH (see Note 7). ISH was renamed Waterman Logistics, Inc. in 2019 ("Waterman"). Waterman, through its subsidiaries, operates a diversified fleet of U.S. and foreign-flag vessels including four leased-in PCTCs and two owned U.S.-flag bulk carriers that provide worldwide and domestic maritime transportation services to commercial and governmental customers. In addition, Waterman has investments in two 50% or less owned companies that operate two foreign-flag rail ferries and a railcar repair and maintenance facility. The Company performed a fair value analysis and the purchase price was allocated to the acquired assets and liabilities based on their fair value resulting in no goodwill being recorded.

Purchase Price Allocation. The allocation of the purchase price for the Company's acquisitions for the years ended December 31, was as follows (in thousands):

	2018	2017
Restricted cash and restricted cash equivalents	\$ —	\$ 13
Trade and other receivables	1,264	15,823
Other current assets	170	2,054
Investments, at Equity, and Advances to 50% or Less Owned Companies	(5,123)	10,000
Property and Equipment	4,382	15,190
Intangible Assets	1,120	10,957
Other Assets ⁽¹⁾	7	(17,863)
Accounts payable and other accrued liabilities ⁽²⁾	(1,609)	—
Other current liabilities	(439)	(17,214)
Long-Term Debt	—	(28,725)
Deferred Income Taxes	—	3,939
Other Liabilities	—	(42)
Noncontrolling interests in subsidiaries	(82)	—
Purchase price ⁽³⁾	<u>\$ (310)</u>	<u>\$ (5,868)</u>

(1) Net of debtor-in-possession financing converted into equity of \$18.1 million, in 2017.

(2) Includes \$1.5 million of consideration to be paid in two installments.

(3) Purchase price is net of cash acquired totaling \$3.6 million and \$16.4 million in 2018 and 2017, respectively.

3. EQUIPMENT ACQUISITIONS AND DISPOSITIONS

Equipment Additions. The Company's capital expenditures were \$37.8 million, \$50.3 million and \$114.6 million during the years ended December 31, 2019, 2018, and 2017, respectively. Major owned equipment placed in service for the years ended December 31, were as follows:

	2019	2018	2017 ⁽¹⁾
Petroleum and chemical carriers - U.S.-flag	—	—	3
Harbor tugs - U.S.-flag	1	5	1
Harbor tugs - Foreign-flag	—	—	2
Short-sea container/RORO - Foreign-flag	—	2	—
Inland river liquid tank barges	—	—	2
Inland river towboats	2	—	3

(1) Excludes two U.S.-flag bulk carriers acquired in the ISH acquisition (see Note 2).

Equipment Dispositions. During the year ended December 31, 2019, the Company sold property and equipment for net proceeds of \$2.5 million and gains of \$0.5 million. In addition, the Company recognized previously deferred gains of \$2.4 million.

During the year ended December 31, 2018, the Company sold property and equipment for net proceeds of \$16.1 million and gains of \$6.6 million. In addition, the Company recognized previously deferred gains of \$13.0 million.

During the year ended December 31, 2017, the Company sold property and equipment for net proceeds of \$164.8 million and gains of \$23.3 million, of which \$10.0 million were recognized currently and \$13.3 million were deferred (see Note 1). Equipment dispositions included the sale-leaseback of one U.S.-flag petroleum and chemical carrier for \$134.9 million, with leaseback terms of 104 months and 50 dry-cargo barges for \$12.5 million with leaseback terms of 84 months. Gains of \$13.3 million related to the sale-leasebacks were deferred and were being amortized over the respective minimum lease periods until January 1, 2019, when the Company adopted Topic 842 (see Note 1). In addition, the Company recognized previously deferred gains of \$2.3 million. The Company also recognized a loss of \$0.3 million related to the total loss of one inland river specialty barge.

Major equipment dispositions for the years ended December 31, were as follows:

	2019	2018	2017
Petroleum and chemical carriers - U.S.-flag	—	1	1
Harbor tugs - U.S.-flag	—	1	—
Short-sea container/RORO - Foreign-flag	1	—	—
Inland river dry-cargo barges	—	32	50
Inland river specialty barges	—	2	2
Inland river towboats	—	—	2

4. INVESTMENTS, AT EQUITY, AND ADVANCES TO 50% OR LESS OWNED COMPANIES

Investments, at equity, and advances to 50% or less owned companies as of December 31, were as follows (in thousands):

	Ownership	2019	2018
Ocean Services:			
Trailer Bridge ⁽¹⁾	55.3%	\$ 56,770	\$ 56,364
RF Vessel Holdings	50.0%	15,878	10,826
Golfo de Mexico	50.0%	3,485	5,272
KSM	50.0%	1,916	1,478
		<u>78,049</u>	<u>73,940</u>
Inland Services:			
SCFCo	50.0%	33,705	37,219
Bunge-SCF Grain	50.0%	15,112	14,738
SCF Bunge Marine ⁽¹⁾	62.5%	3,990	3,144
Other	50.0%	2,285	2,796
		<u>55,092</u>	<u>57,897</u>
Witt O'Brien's:			
O'Brien's do Brazil	50.0%	1,274	472
Other:			
VA&E	23.8%	10,448	13,073
Avion	39.1%	10,706	10,290
Other	40.0% – 47.5%	1,539	1,214
		<u>22,693</u>	<u>24,577</u>
		<u>\$ 157,108</u>	<u>\$ 156,886</u>

(1) The Company's ownership percentage represents its economic interest in the 50% or less owned company.

Combined Condensed Financial Information. Summarized financial information for the Company's investments, at equity, excluding SCFCo and Trailer Bridge, as of and for the years ended December 31, was as follows (in thousands):

	2019	2018	
Current assets	\$ 228,420	\$ 184,704	
Noncurrent assets	101,292	77,929	
Current liabilities	160,688	113,784	
Noncurrent liabilities	58,413	46,503	
	2019	2018	2017
Operating Revenues	\$ 1,015,627	\$ 786,717	\$ 1,068,190
Costs and Expenses:			
Operating and administrative	1,005,757	771,324	1,035,952
Depreciation	4,968	7,216	11,810
	<u>1,010,725</u>	<u>778,540</u>	<u>1,047,762</u>
Gains on Asset Dispositions and Impairments, Net	—	38	16,115
Operating Income	<u>\$ 4,902</u>	<u>\$ 8,215</u>	<u>\$ 36,543</u>
Net Income	<u>\$ 2,922</u>	<u>\$ 3,967</u>	<u>\$ 23,383</u>

As of December 31, 2019 and 2018, cumulative undistributed net losses of 50% or less owned companies accounted for by the equity method and included in the Company's consolidated retained earnings were \$69.8 million and \$65.0 million, respectively.

Trailer Bridge. Trailer Bridge, Inc. ("Trailer Bridge"), an operator of U.S.-flag RORO and deck barges, provides marine transportation services between Jacksonville, Florida, San Juan, Puerto Rico and Puerto Plata, Dominican Republic. The Company

provided secured financing to Trailer Bridge and during the year ended December 31, 2017, the Company provided advances of \$2.0 million and received repayments of \$6.0 million on the secured financing. As of December 31, 2017, there was no outstanding balance on the secured financing. During the years ended December 31, 2019, 2018 and 2017, the Company earned revenues of \$4.0 million, \$3.5 million and \$3.1 million, respectively, from the time charter of one U.S.-flag offshore tug to Trailer Bridge.

RF Vessel Holdings. On July 3, 2017, as part of the ISH Acquisition (see Note 2), the Company acquired a 100% interest in Rail Ferry Vessel Holdings LLC (“RF Vessel Holdings”), which owns two foreign-flag rail ferries. On September 1, 2017, the Company sold a 50% interest in RF Vessel Holdings to G&W Agave Holdings (MI) Inc. for \$1.9 million and retained a 50% ownership interest in the newly-formed joint venture. During the years ended December 31, 2019 and 2018, the Company and its partner each contributed capital of \$4.7 million and \$9.1 million, respectively, to RF Vessel Holdings primarily related to the construction of two new foreign-flag rail ferries with scheduled deliveries during 2021.

Golfo de Mexico. On July 3, 2017, as part of the ISH Acquisition (see Note 2), the Company acquired a 100% interest in Golfo de Mexico Rail Ferry Holdings LLC (“Golfo de Mexico”), which operates the two foreign-flag rail ferries owned by RF Vessel Holdings. On September 1, 2017, the Company sold a 50% interest in Golfo de Mexico to G&W Agave Holdings (MI) Inc. for \$3.1 million and retained a 50% ownership interest in the newly-formed joint venture. During the years ended December 31, 2019 and 2018, the Company and its partner each contributed capital of \$0.5 million and \$4.6 million, respectively, to Golfo de Mexico. During the year ended December 31, 2017, the Company received dividends of \$0.3 million from Golfo de Mexico. The Company provides Golfo de Mexico with technical, commercial, administrative and construction management services, and during the years ended December 31, 2019, 2018 and 2017, the Company received \$1.8 million, \$1.1 million and \$0.3 million, respectively, for these services.

KSM. On April 1, 2017, the Company and Kotug Caribbean Holdings LLC formed Kotug Seabulk Maritime LLC (“KSM”). KSM operates four foreign-flag harbor tugs, two foreign-flag specialty vessels and one foreign-flag ocean liquid tank barge in Freeport, Grand Bahama, supporting terminal operations. During the years ended December 31, 2018 and 2017, the Company and its partner each contributed capital of \$1.0 million and \$0.3 million, respectively, to KSM. The Company provides KSM with technical, commercial and administrative management services and during the years ended December 31, 2019, 2018 and 2017, received \$0.4 million, \$0.4 million and \$0.3 million, respectively, for these services. During the years ended December 31, 2019, 2018 and 2017, the Company earned revenues of \$1.4 million, \$1.3 million and \$1.1 million, respectively, from the bareboat charter of two foreign-flag harbor tugs to KSM.

SeaJon. SeaJon LLC (“SeaJon”) owned an articulated tug-barge operating in the Great Lakes trade that was sold to a third party in June 2017 and, as of December 31, 2017, SeaJon had been liquidated. During the year ended December 31, 2017, the Company received capital distributions of \$3.5 million and dividends of \$12.5 million from SeaJon.

SCFCo. SCFCo Holdings LLC (“SCFCo”) was established to operate inland river dry-cargo barges and inland river towboats on the Parana-Paraguay Waterway and a terminal facility at Port Ibicuy, Argentina. During the year ended December 31, 2017, the Company contributed capital of \$0.4 million to SCFCo. During the year ended December 31, 2017, the Company provided working capital advances and loans of \$2.5 million to SCFCo and received repayments on working capital advances and loans of \$1.7 million from SCFCo. During the year ended December 31, 2018, the Company received repayments on working capital advances and loans of \$2.6 million from SCFCo. As of December 31, 2019, \$34.3 million of working capital advances and loans remained outstanding. The Company also provides SCFCo with certain information technology services and received \$0.1 million, \$0.1 million and \$0.1 million, respectively, for these services during the years ended December 31, 2019, 2018 and 2017. As of December 31, 2019, the Company’s carrying value of its investment in SCFCo was \$20.2 million lower than its proportionate share of the underlying equity in SCFCo.

Summarized financial information for SCFCo as of and for the years ended December 31, was as follows (in thousands):

	2019	2018
Current assets	\$ 5,878	\$ 8,322
Noncurrent assets	113,638	121,001
Current liabilities	11,077	12,958
Noncurrent liabilities	59,717	56,078

	2019	2018	2017
Operating Revenues	\$ 45,049	\$ 54,486	\$ 44,177
Costs and Expenses:			
Operating and administrative	39,375	45,911	40,106
Depreciation	10,027	17,901	17,803
	<u>49,402</u>	<u>63,812</u>	<u>57,909</u>
Operating Loss	(4,353)	(9,326)	(13,732)
Interest expense	(6,971)	(6,573)	(6,120)
Other expense, net	(241)	(2,229)	(961)
Net Loss	<u>\$ (11,565)</u>	<u>\$ (18,128)</u>	<u>\$ (20,813)</u>

Bunge-SCF Grain. Bunge-SCF Grain LLC (“Bunge-SCF Grain”) operates terminal grain elevators in Illinois. The Company has provided Bunge-SCF Grain with working capital advances. As of December 31, 2019, the total outstanding balance of working capital advances was \$7.0 million. Bunge-SCF Grain also operates and manages the Company’s grain storage and handling facility in McLeansboro, Illinois. During the years ended December 31, 2019, 2018 and 2017, the Company earned revenues of \$0.7 million, \$0.9 million and \$1.1 million, respectively, from the lease of this terminal facility to Bunge-SCF Grain. Certain dry-cargo barge pools managed by the Company provide freight transportation to Bunge-SCF Grain and those pools received \$24.9 million, \$10.7 million and \$7.2 million for these services during the years ended December 31, 2019, 2018 and 2017, respectively.

SCF Bunge Marine. SCF Bunge Marine LLC (“SCF Bunge Marine”) provides towing services on the U.S. Inland Waterways, primarily the Mississippi River, Illinois River, Tennessee River and Ohio River. The Company time charters eight inland river towboats to SCF Bunge Marine, of which four are bareboat chartered-in by the Company from a third-party leasing entity. The Company and its partner are required to fund SCF Bunge Marine, if necessary, to support the payment of its time charter obligations to the Company. During the years ended December 31, 2019, 2018 and 2017, the Company earned revenues of \$6.8 million, \$3.3 million, and \$2.1 million, respectively, from the time charter of these inland river towboats to SCF Bunge Marine. During the years ended December 31, 2019 and 2018, the Company contributed capital of \$0.3 million and \$0.5 million, respectively, to SCF Bunge Marine. During the years ended December 31, 2018 and 2017, the Company received dividends of \$4.6 million and \$0.1 million, respectively, from SCF Bunge Marine. Certain dry-cargo barge pools managed by the Company obtain towing services from SCF Bunge Marine and those pools paid \$53.3 million, \$54.5 million and \$41.4 million to SCF Bunge Marine for these services during the years ended December 31, 2019, 2018 and 2017, respectively.

Other Inland Services. The Company’s other Inland Services 50% or less owned company operates a fabrication facility. During the year ended December 31, 2019, the Company and its partner each received a noncash dividend of one specialty barge valued at \$0.6 million.

O’Brien’s do Brazil. O’Brien’s do Brasil Consultoria em Emergencias e Meio Ambiente A/A (“O’Brien’s do Brazil”) is an emergency consulting organization providing preparedness, response and recovery services in Brazil. During the years ended December 31, 2019, 2018 and 2017, the Company received dividends of \$0.1 million \$0.2 million and \$0.1 million, respectively from O’Brien’s do Brazil.

Hawker Pacific. Hawker Pacific Airservices Limited (“Hawker Pacific”) is an aviation sales and support organization and a distributor of aviation components from leading manufacturers. On April 30, 2018, the Company sold its 34.2% interest in Hawker Pacific for \$78.0 million in cash and recognized a gain of \$53.9 million, which is included in other, net in the accompanying consolidated statements of income. During the years ended December 31, 2018 and 2017, the Company received management fees of \$0.1 million and \$0.3 million respectively, from Hawker Pacific.

VA&E. VA&E Trading LLP (“VA&E”), was formed to focus on the global origination, trading and merchandising of sugar and other commodities, pairing producers and buyers and arranging for the transportation and logistics of the product. During the year ended December 31, 2019, the Company received capital distributions of \$3.7 million from VA&E, which reduced the Company’s noncontrolling interest in VA&E to 23.8%. The Company provides VA&E an uncommitted credit facility of up to \$3.5 million and a subordinated loan of \$4.4 million. During the year ended December 31, 2017, the Company advanced \$3.5 million on the uncommitted credit facility. During the year ended December 31, 2018, the Company received repayments of \$5.4 million and advanced \$5.4 million on the uncommitted credit facility. During the year ended December 31, 2019, the Company advanced \$0.5 million to VA&E on the subordinated loan. As of December 31, 2019, outstanding advances to VA&E were \$8.3 million, inclusive of accrued and unpaid interest. During the year ended December 31, 2018, the Company received dividends of \$0.4 million from VA&E.

Avion. Avion Pacific Limited (“Avion”) is a distributor of aircraft and aircraft related parts. During the year ended December 31, 2017, the Company made advances of \$1.0 million and received repayments on advances of \$4.0 million from Avion.

As of December 31, 2019 and 2018, the Company had no outstanding advances to Avion. During the year ended December 31, 2018, the Company received dividends of \$0.8 million from Avion.

Other. The Company's other 50% or less owned companies are primarily industrial aviation businesses in Asia. During the year ended December 31, 2018, the Company received repayments on working capital advances of \$0.4 million and received capital distributions of \$0.6 million from these 50% or less owned companies. During the year ended December 31, 2017, the Company received repayments on working capital advances of \$0.4 million from these 50% or less owned companies. As of December 31, 2019, total advances outstanding to these 50% or less owned companies were \$2.0 million.

5. CONSTRUCTION RESERVE FUNDS

The Company has established, pursuant to Section 511 of the Merchant Marine Act, 1936, as amended, construction reserve fund accounts subject to agreements with the Maritime Administration. In accordance with this statute, the Company is permitted to deposit proceeds from the sale of certain vessels into the construction reserve fund accounts and defer the taxable gains realized from the sale of those vessels. Qualified withdrawals from the construction reserve fund accounts are only permitted for the purpose of acquiring qualified U.S.-flag vessels as defined in the statute and approved by the Maritime Administration. To the extent that sales proceeds are reinvested in replacement vessels, the carryover depreciable tax basis of the vessels originally sold is attributed to the U.S.-flag vessels acquired using such qualified withdrawals. The construction reserve funds must be committed for expenditure within three years of the date of sale of the equipment, subject to two one-year extensions that can be granted at the discretion of the Maritime Administration, or be released for the Company's general use as nonqualified withdrawals. For nonqualified withdrawals, the Company is obligated to pay taxes on the previously deferred gains at the prevailing statutory tax rate plus penalties and interest thereon for the period such taxes were deferred.

6. NOTES RECEIVABLE FROM THIRD PARTIES

From time to time, the Company engages in lending activities involving various types of businesses or equipment. The Company recognizes interest income as payments are due, typically monthly, and expenses all costs associated with its lending activities as incurred. These notes receivable are typically collateralized by the underlying equity or equipment and require scheduled or periodic principal and interest payments. As of December 31, 2019 and 2018, the outstanding balance of notes receivable from third parties was \$1.1 million and \$2.2 million, respectively, and is included in other long-term assets in the accompanying consolidated balance sheets. During the years ended December 31, 2019, 2018 and 2017, the Company made advances on notes receivable from third parties of \$1.0 million, \$0.1 million and \$10.1 million, respectively, and received repayments on notes receivable from third parties of \$2.1 million, \$0.6 million and \$34.5 million, respectively.

7. LONG-TERM DEBT

The Company's borrowings as of December 31, were as follows (in thousands):

	2019	2018
3.0% Convertible Senior Notes ⁽¹⁾	\$ 50,041	\$ 107,284
2.5% Convertible Senior Notes	64,455	64,455
3.25% Convertible Senior Notes ⁽²⁾	117,782	117,782
SEA-Vista 2015 Credit Facility ⁽³⁾	—	87,977
SEA-Vista 2019 Credit Facility ⁽⁴⁾	100,000	—
Other ⁽⁵⁾	7,957	8,561
	<u>340,235</u>	<u>386,059</u>
Portion due within one year, net of unamortized discount and issue costs	(58,854)	(8,497)
Debt discount included in long-term debt	(19,990)	(28,334)
Debt issuance costs included in long-term debt	(5,779)	(3,100)
	<u>\$ 255,612</u>	<u>\$ 346,128</u>

(1) Excludes unamortized discount and unamortized issue costs of \$1.6 million and \$0.2 million, respectively, as of December 31, 2019 and \$7.2 million and \$0.7 million, respectively, as of December 31, 2018.

(2) Excludes unamortized discount and unamortized issue costs of \$18.4 million and \$1.6 million, respectively, as of December 31, 2019 and \$21.1 million and \$1.9 million, respectively, as of December 31, 2018.

(3) Excludes unamortized issue costs of \$0.4 million as of December 31, 2018.

(4) Excludes unamortized issue costs of \$2.1 million as of December 31, 2019.

(5) Excludes unamortized issue costs of \$0.1 million and \$0.1 million as of December 31, 2019 and December 31, 2018, respectively.

The Company's contractual long-term debt maturities for the years ended December 31, are as follows (in thousands):

2020 ⁽¹⁾	\$ 60,630
2021	10,499
2022	10,503
2023	10,368
2024	60,244
Years subsequent to 2024	187,991
	<u>\$ 340,235</u>

(1) Includes the aggregate principal amount outstanding of the Company's 3.0% Convertible Senior Notes with a contractual maturity date of November 15, 2028 as the holders may require the Company to repurchase the notes on November 19, 2020.

3.0% Convertible Senior Notes. On November 13, 2013, SEACOR issued \$230.0 million aggregate principal amount of its 3.0% Convertible Senior Notes due November 15, 2028 (the "3.0% Convertible Senior Notes"). Interest on the 3.0% Convertible Senior Notes is payable semi-annually on May 15 and November 15 of each year. Beginning November 15, 2020, contingent interest is payable during any subsequent semi-annual interest period if the average trading price of the 3.0% Convertible Senior Notes for a defined period is greater than or equal to \$1,200 per bond (\$1,000 face value). The amount of contingent interest payable for any such period will be equal to 0.45% per annum of such average trading price of the 3.0% Convertible Senior Notes. Prior to August 15, 2028, the 3.0% Convertible Senior Notes are convertible into shares of SEACOR common stock, par value \$0.01 per share ("Common Stock"), at a conversion rate ("Conversion Rate") of 12.5892 shares per bond (\$1,000 face value) only if certain conditions are met, as more fully described in the indenture. After August 15, 2028, holders may elect to convert at any time. The Company has reserved the maximum number of shares of Common Stock needed upon conversion, or 629,976 shares as of December 31, 2019. Subsequent to November 19, 2018, the 3.0% Convertible Senior Notes may be redeemed at the Company's option, in whole or in part, at a price equal to 100% of the principal amount, plus accrued and unpaid interest to the date of redemption. On November 19, 2020, November 20, 2023 or if the Company undergoes a fundamental change, as more fully described in the indenture, the holders of the 3.0% Convertible Senior Notes may require SEACOR to purchase for cash all or part of the notes at a price equal to 100% of the principal amount, plus accrued and unpaid interest to the date of purchase.

The Company accounts separately for the liability and equity components of the 3.0% Convertible Senior Notes and the associated underwriting fees in a manner that reflects the Company's non-convertible borrowing rate. The resulting debt discount and offering costs associated with the liability component are amortized as additional non-cash interest expense over the seven year period for which the debt is expected to be outstanding (November 19, 2020) for an overall effective annual interest rate of 7.4%.

On May 15, 2018, the Company exchanged \$117.8 million aggregate principal amount of its outstanding 3.0% Convertible Senior Notes for a like principal amount of new 3.25% Convertible Senior Notes (see "—3.25% Convertible Senior Notes"). During the year ended December 31, 2018, the Company purchased \$4.9 million in principal amount of its 3.0% Convertible Senior Notes for total consideration of \$4.7 million. These transactions resulted in debt extinguishment losses of \$5.4 million included in the accompanying consolidated statements of income.

During the year ended December 31, 2019, the Company purchased \$57.2 million in principal amount of its 3.0% Convertible Senior Notes for total consideration of \$56.2 million resulting in losses on debt extinguishment of \$2.1 million included in the accompanying consolidated statements of income. Subsequent to December 31, 2019, the Company purchased \$2.2 million in principal amount of its 3.0% Convertible Senior Notes for total consideration of \$2.2 million.

2.5% Convertible Senior Notes. On December 11, 2012, SEACOR issued \$350.0 million aggregate principal amount of its 2.5% Convertible Senior Notes due December 15, 2027 (the "2.5% Convertible Senior Notes"). Interest on the 2.5% Convertible Senior Notes is payable semi-annually on June 15 and December 15 of each year. Beginning December 15, 2017, contingent interest is payable during any subsequent semi-annual interest period if the average trading price of the 2.5% Convertible Senior Notes for a defined period is greater than or equal to \$1,200 per bond (\$1,000 face value). The amount of contingent interest payable for any such period will be equal to 0.25% per annum of such average trading price of the 2.5% Convertible Senior Notes. Prior to September 15, 2027, the 2.5% Convertible Senior Notes are convertible into shares of Common Stock at a conversion rate of 19.0381 shares per bond (\$1,000 face value) only if certain conditions are met, as more fully described in the indenture. After September 15, 2027, holders may elect to convert at any time. The Company has reserved the maximum number of shares of Common Stock needed upon conversion, or 1,227,101 shares as of December 31, 2019. On December 12, 2017, the Company entered into a supplemental indenture, which amended the indenture to provide holders with an additional put right for their Notes on May 31, 2018. In addition, the Company surrendered and waived its right to redeem the Notes until May 31, 2018. Subsequent to May 31, 2018, the 2.5% Convertible Senior Notes may be redeemed at the Company's option, in whole or in part, at a price equal to 100% of the principal amount, plus accrued and unpaid interest to the date of redemption. On December 19, 2022, or if the Company undergoes a fundamental change, as more fully described in the indenture as amended by the first supplemental indenture dated as of December

12, 2017, the holders of the 2.5% Convertible Senior Notes may require SEACOR to purchase for cash all or part of the notes at a price equal to 100% of the principal amount, plus accrued and unpaid interest to the date of purchase.

The Company accounts separately for the liability and equity components of the 2.5% Convertible Senior Notes and the associated underwriting fees in a manner that reflects the Company's non-convertible borrowing rate. The resulting debt discount and offering costs associated with the liability component was amortized as additional non-cash interest expense over the five year period for which the debt was expected to be outstanding (December 19, 2017) for an overall effective annual interest rate of 6.5%. Beginning December 19, 2017, the effective annual interest rate is equal to the stated coupon rate of 2.5%.

During the year ended December 31, 2017, the Company purchased \$61.7 million in principal amount of its 2.5% Convertible Senior Notes for total consideration of \$61.9 million. Consideration of \$60.5 million was allocated to the settlement of the long-term debt resulting in gains on debt extinguishment of \$0.1 million included in the accompanying consolidated statements of income. Consideration of \$1.4 million was allocated to the purchase of the conversion option embedded in the 2.5% Convertible Senior Notes as included in the accompanying consolidated statements of changes in equity. Pursuant to the put option set forth in the indenture and governing the 2.5% Convertible Senior Notes, the Company completed a tender offer for the 2.5% Convertible Senior Notes in which, on December 19, 2017, the Company purchased \$31.0 million in principal amount of its 2.5% Convertible Senior Notes that were validly surrendered for purchase for total consideration of \$31.0 million.

3.25% Convertible Senior Notes. On May 15, 2018, SEACOR issued \$117.8 million aggregate principal amount of its 3.25% Convertible Senior Notes due May 15, 2030 (the "3.25% Convertible Senior Notes"). Interest on the 3.25% Convertible Senior Notes is payable semi-annually on May 15 and November 15 of each year. Beginning May 15, 2025, contingent interest is payable during any subsequent semi-annual interest period if the average trading price of the 3.25% Convertible Senior Notes for a defined period is greater than or equal to \$1,200 per bond (\$1,000 face value). The amount of contingent interest payable for any such period will be equal to 0.45% per annum of such average trading price of the 3.25% Convertible Senior Notes. Prior to February 15, 2030, the 3.25% Convertible Senior Notes are convertible into shares of Common Stock, at a Conversion Rate of 13.1920 shares per bond (\$1,000 face value) only if certain conditions are met, as more fully described in the indenture. After February 15, 2030, holders may elect to convert at any time. The Company has reserved the maximum number of shares of Common Stock needed upon conversion, or 1,553,780 shares as of December 31, 2019. On or after May 15, 2022, the 3.25% Convertible Senior Notes may be redeemed at the Company's option, in whole or in part, at a price equal to 100% of the principal amount, plus accrued and unpaid interest to the date of redemption. On May 15, 2025, or if the Company undergoes a fundamental change, as more fully described in the indenture, the holders of the 3.25% Convertible Senior Notes may require SEACOR to purchase for cash all or part of the notes at a price equal to 100% of the principal amount, plus accrued and unpaid interest to the date of purchase.

The Company accounts separately for the liability and equity components of the 3.25% Convertible Senior Notes and the associated underwriting fees in a manner that reflects the Company's non-convertible borrowing rate. Of the total issued amount of \$117.8 million and offering costs of \$2.5 million, the Company allocated \$95.1 million and \$2.0 million, respectively, to the liability component and \$22.7 million and \$0.5 million, respectively, to the equity component. The resulting debt discount and offering costs associated with the liability component are amortized as additional non-cash interest expense over the seven year period for which the debt is expected to be outstanding (May 15, 2025) for an overall effective annual interest rate of 7.2%.

7.375% Senior Notes. On September 24, 2009, SEACOR issued \$250.0 million aggregate principal amount of its 7.375% Senior Notes due October 1, 2019 (the "7.375% Senior Notes"). The 7.375% Senior Notes were issued under a supplemental indenture dated as of September 24, 2009 (the "2009 Supplemental Indenture") to the base indenture relating to SEACOR's senior debt securities, dated as of January 10, 2001, between SEACOR and U.S. Bank National Association, as trustee. Interest on the 7.375% Senior Notes was payable semi-annually on April 1 and October 1 of each year. The 7.375% Senior Notes were redeemed at a price equal to the principal amount, plus accrued and unpaid interest to the date of redemption, plus a specified "make-whole" premium in October of 2018.

During the year ended December 31, 2017, the Company purchased \$7.6 million in principal amount of its 7.375% Senior Notes for \$7.7 million resulting in losses on debt extinguishment of \$0.2 million included in the accompanying consolidated statements of income.

During the year ended December 31, 2018, and prior to their redemption, the Company purchased \$5.7 million in principal amount of its 7.375% Senior Notes for \$5.9 million. On October 31, 2018, the Company redeemed the remaining \$147.4 million in principal amount of its 7.375% Senior Notes for \$153.0 million including a make-whole premium of \$5.6 million calculated in accordance with the terms of the indenture. These transactions resulted in losses on debt extinguishment of \$6.1 million included in the accompanying consolidated statements of income.

SEACOR Revolving Credit Facility. On March 19, 2019, the Company entered into a \$125.0 million credit agreement with a syndicate of lenders (the “SEACOR Revolving Credit Facility”) that matures March 19, 2024 and is secured by a pledge over all of SEACOR’s assets and certain of its subsidiaries’ assets, subject to certain exceptions. The SEACOR Revolving Credit Facility permits the Company to borrow up to \$125.0 million, from time to time as revolving loans, as such amounts may increase or decrease in accordance with the terms of the Credit Agreement. The loans will bear interest at either (i) a Base Rate plus a margin ranging from 0.75% to 2.00% depending on the Company’s maximum net funded debt ratio, as determined in accordance with the SEACOR Revolving Credit Facility, or (ii) interest periods of one, two, three or six months at an annual rate equal to London Interbank Offered Rate (“LIBOR”) for the corresponding deposits of U.S. dollars, plus a margin ranging from 1.75% to 3.00% based on the Company’s maximum net funded debt ratio, as determined in accordance with the SEACOR Revolving Credit Facility. A fee of 0.5% is payable on the unused commitment quarterly. The Company incurred \$2.2 million of issuance costs related to the SEACOR Revolving Credit Facility.

The SEACOR Revolving Credit Facility contains various financial and restrictive covenants including fixed charge coverage ratio, a net funded debt ratio, a collateral coverage ratio and restrictions limiting the Company’s ability to pay dividends or make certain investments, as well as other customary covenants, representations and warranties, and events of default as set forth in the agreement. During the year ended December 31, 2019, the Company drew \$25.0 million and repaid \$25.0 million under the SEACOR Revolving Credit Facility. As of December 31, 2019, the Company had \$125.0 million of borrowing capacity.

SEA-Vista 2015 Credit Facility. On April 15, 2015, SEA-Vista entered into a \$300.0 million credit agreement with a syndicate of lenders that was scheduled to mature in 2020 (the “SEA-Vista 2015 Credit Facility”) and was secured by substantially all of SEA-Vista’s tangible and intangible assets, including its fleet of U.S.-flag petroleum and chemical carriers (See Note 1), with no recourse to SEACOR or its other subsidiaries. The SEA-Vista 2015 Credit Facility was comprised of three tranches: (i) a \$100.0 million revolving credit facility (the “Revolving Loan”); (ii) an \$80.0 million term loan (the “Term A-1 Loan”); and (iii) a \$120.0 million delayed draw term loan (the “Term A-2 Loan”). The proceeds from the SEA-Vista 2015 Credit Facility were used to fund SEA-Vista’s working capital, general corporate purposes, capital commitments and the redemption of its Title XI Bonds. All three loans bore interest at a variable rate determined by reference to the London Interbank Offered Rate (“LIBOR”) plus a margin of between 2.00% and 2.75% as determined in accordance with the SEA-Vista 2015 Credit Facility or, at the election of SEA-Vista, a Base Rate plus a margin of between 1.25% and 1.75% as determined in accordance with the SEA-Vista 2015 Credit Facility. A quarterly fee was payable on the unused commitments of all three tranches. SEA-Vista incurred \$3.1 million of issuance costs related to the SEA-Vista 2015 Credit Facility.

During the year ended December 31, 2017, SEA-Vista drew \$44.9 million and repaid \$85.9 million on the Revolving Loan, \$39.4 million on the Term A-1 Loan and \$63.1 million on the Term A-2 Loan resulting in debt extinguishment losses of \$0.7 million.

During the year ended December 31, 2018, SEA-Vista repaid \$39.0 million on the Revolving Loan, \$3.3 million on the Term A-1 Loan and \$5.5 million on the Term A-2 Loan.

On December 20, 2019, SEA-Vista entered into an amended and restated \$200.0 million credit agreement (see “—SEA-Vista 2019 Credit Facility”). Proceeds of \$76.0 million from the SEA-Vista 2019 Credit Facility were used to repay the remaining balances on that date under the SEA-Vista 2015 Credit Facility, resulting in losses on debt extinguishment of \$0.1 million included in the accompanying consolidated statements of income. During the year ended December 31, 2019, including the final repayment, SEA-Vista repaid \$6.0 million on the Revolving Loan, \$30.6 million on the Term A-1 Loan and \$51.4 million on the Term A-2 Loan.

SEA-Vista 2019 Credit Facility. On December 20, 2019, SEA-Vista entered into an amended and restated \$200.0 million credit agreement with a syndicate of lenders (the “SEA-Vista 2019 Credit Facility”) and is secured by substantially all of SEA-Vista’s tangible and intangible assets, including its fleet of U.S.-flag petroleum and chemical carriers (See Note 1), with no recourse to SEACOR or its other subsidiaries. The agreement provides for a \$100.0 million revolving credit facility (the “SEA-Vista Revolving Loan”) and a \$100.0 million term loan facility (the “Term Loan”) both of which mature in December 2024. Each of the SEA-Vista Revolving Loan and the Term Loan has an accordion feature allowing for potential increases in principal amount. The SEA-Vista Revolving Loan allows for borrowings and reborrowings from time to time until maturity. The Term Loan is a single draw facility that was drawn in full on December 20, 2019. The proceeds of the Term Loan were used to repay \$76.0 million outstanding under the SEA-Vista 2015 Credit Facility (see “—SEA-Vista 2015 Credit Facility”) and \$24.0 million was used by SEA-Vista for working capital needs and general corporate purposes. As of December 31, 2019, SEA-Vista had \$100.0 million of borrowing capacity under the SEA-Vista 2019 Credit Facility.

Both the SEA-Vista Revolving Loan and the Term Loan bear interest at a variable rate determined by reference to the London Interbank Offered Rate (“LIBOR”) plus a margin of between 2.00% and 2.75% or, at the election of SEA-Vista, a Base Rate plus a margin of between 1.00% and 1.75% each as determined in accordance with the SEA-Vista 2019 Credit Facility. A fee of 0.5% is payable on the unused SEA-Vista Revolving Loan commitment. SEA-Vista incurred \$2.1 million of issuance costs related to the SEA-Vista 2019 Credit Facility.

The principal of the Term Loan is repayable in quarterly installments of 2.50%, with the remaining principal balance, interest and all other amounts outstanding for all loans, including the SEA-Vista Revolving Loan, due and payable on the Maturity Date, December 20, 2024. In addition, SEA-Vista has the right to make optional prepayments on each of the loans without penalty in minimum amounts of \$1.0 million.

The SEA-Vista Credit Facility contains various financial maintenance and restrictive covenants including: funded debt to adjusted EBITDA; adjusted EBITDA to interest expense plus amortization; and aggregate collateral vessel value to the sum of funded debt and unused and unexpired commitments.

ISH Credit Facility. On July 3, 2017, ISH emerged from bankruptcy pursuant to the Plan (see Note 2). In conjunction with the emergence under the Plan, ISH assumed debt of \$25.0 million under a credit facility with a maturity date of July 2020. The facility consisted of two tranches: (i) a \$5.0 million revolving credit facility (the "ISH Revolving Loan") and (ii) a \$20.0 million term loan (the "ISH Term Loan") (collectively the "ISH Credit Facility"). ISH incurred \$0.1 million of issuance costs in connection with the ISH Credit Facility. The proceeds from this facility were used for general working capital purposes and payments to ISH's creditors in accordance with the Plan.

Interest on both loans were based on a variable rate of either LIBOR multiplied by the Statutory Reserve Rate or Prime Rate plus an applicable margin, as defined in the ISH Credit Facility. A quarterly fee of 0.5% was payable on the unused commitment of the ISH Revolving Loan. Beginning September 30, 2017, ISH was required to make quarterly prepayments on the ISH Term Loan of \$0.7 million. Commencing with the calendar year ending December 31, 2018, ISH was required to make annual prepayments on the ISH Term Loan in an amount equal to 50% of excess cash flow as defined in the credit agreement.

The ISH Credit Facility contained various financial and restrictive covenants applicable to ISH and its subsidiaries including indebtedness to EBITDA and adjusted EBITDA to interest expense maintenance, as defined in the ISH Credit Facility. The ISH Credit Facility was non-recourse to SEACOR and its subsidiaries other than ISH. The ISH Credit Facility was secured by substantially all of ISH's assets, including its fleet of U.S.-flag bulk carriers (See Notes 1 and 2).

During the year ended December 31, 2017, ISH repaid \$7.8 million on the ISH Term Loan and \$5.0 million on the ISH Revolving Loan. During the year ended December 31, 2018, ISH repaid the outstanding balance of \$12.2 million on the ISH Term Loan and terminated the credit facility resulting in debt extinguishment losses of \$0.1 million included in the accompanying consolidated statements of income.

Other. During 2017, the Company acquired \$3.9 million of other debt related to the ISH acquisition (see Note 2). This debt bore interest at 7.0% and was collateralized by certain acquired assets. As of December 31, 2018, this debt was fully repaid. In addition, the Company has various other obligations including equipment and facility mortgages. As of December 31, 2019, these obligations have maturities ranging from 2020 through 2026, have interest rates ranging from 3.4% to 6.0% and require periodic payments of interest and principal. During the years ended December 31, 2019, 2018 and 2017, repayments on other debt was \$0.6 million, \$2.1 million (including the repayment and termination of the debt related to the ISH acquisition) and \$3.0 million, respectively.

Letters of Credit. As of December 31, 2019, the Company had outstanding letters of credit totaling \$1.2 million with various expiration dates through 2027.

Guarantees. The Company has guaranteed the payments of amounts owned under certain sale-leaseback transactions, equipment financing and multi-employer pension obligations on behalf of SEACOR Marine. As of December 31, 2019, these guarantees on behalf of SEACOR Marine totaled \$22.9 million and the amount declines as payments are made on the outstanding obligations through 2023. The Company earns a fee from SEACOR Marine of 0.5% per annum on these guarantees. For the years ended December 31, 2019, 2018, and 2017 the Company earned \$0.2 million, \$0.3 million and \$0.6 million, respectively, in guarantee fees from SEACOR Marine.

Repurchase Authority. SEACOR's Board of Directors previously approved a securities repurchase plan that authorizes the Company to acquire SEACOR Common Stock, par value \$0.01 per share ("Common stock") 3.0% Convertible Senior Notes, 2.5% Convertible Senior Notes and 3.25% Convertible Senior Notes (collectively the "Securities"), through open market purchases, privately negotiated transactions or otherwise, depending on market conditions. On June 5, 2019, SEACOR's Board of Directors increased the Company's repurchase authority for the Securities to \$150.0 million. As of December 31, 2019, SEACOR had remaining authorization for Securities repurchases of \$129.9 million.

8. OPERATING LEASES

Lessee. As of December 31, 2019, the Company leased in two U.S.-flag petroleum and chemical carriers, four U.S.-flag harbor tugs, four U.S.-flag PCTCs, 50 inland river dry-cargo barges, four inland river towboats, six inland river harbor boats and certain facilities and other equipment. The leases generally contain purchase and renewal options or rights of first refusal with respect to the sale or lease of the equipment. As of December 31, 2019, the lease terms of the U.S.-flag petroleum and chemical carriers,

which are subject to subleases, have remaining durations of 33 and 80 months. The lease terms of the other vessels, facilities and equipment range in duration from 4 to 195 months.

For operating leases as of December 31, 2019, the future minimum payments in the years ended December 31, were as follows (in thousands):

2020	\$ 41,914
2021	37,711
2022	27,460
2023	15,531
2024	13,603
Years subsequent to 2024	27,066
	<u>163,285</u>
Interest component	(18,979)
	<u>144,306</u>
Current portion of long-term operating lease liabilities	(36,011)
Long-term operating lease liabilities	<u>\$ 108,295</u>

The components of lease expense for the year ended December 31, were as follows (in thousands):

	<u>2019</u>
Operating lease expense	\$ 42,863
Short-term lease expense (lease duration of twelve months or less at lease commencement)	22,992
Sublease income	(33,428)
	<u>\$ 32,427</u>

Other information related to operating leases for the year ended December 31, was as follows (in thousands except weighted average data):

	<u>2019</u>
Operating cash outflows from operating leases	\$ 43,096
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 179,944
Weighted average remaining lease term, in years	5.2
Weighted average discount rate	4.9 %

Lessor. As of December 31, 2019, arrangements in which the Company acted as a lessor with remaining terms in excess of one year included the bareboat charter of four U.S.-flag petroleum and chemical carriers, five U.S.-flag ocean liquid tank barges and six foreign-flag harbor tugs, the time charter of four U.S.-flag petroleum and chemical carriers, four U.S.-flag PCTCs, eight inland river towboats and one U.S.-flag offshore tug, and other non-vessel rental arrangements of certain property and equipment. Future minimum lease revenues from these arrangements for the years ended December 31, were as follows (in thousands):

	<u>Total Minimum Lease Revenues</u>	<u>Leased-in Obligations⁽¹⁾</u>	<u>Net Minimum Lease Income</u>
2020	\$ 160,324	\$ (31,572)	\$ 128,752
2021	114,395	(29,683)	84,712
2022	55,990	(22,942)	33,048
2023	34,701	(11,315)	23,386
2024	27,205	(11,346)	15,859
Years subsequent to 2024	55,102	(18,662)	36,440

(1) The total payments to be made under existing non-cancelable leases for the property and equipment subject to these future minimum lease revenues.

The major classes of owned property and equipment earning lease revenues as of December 31, were as follows (in thousands):

	Historical Cost	Accumulated Depreciation	Net Book Value
2019			
Ocean Services:			
Petroleum and chemical carriers - U.S.-flag	\$ 544,549	\$ (258,153)	\$ 286,396
Harbor and offshore tugs - U.S.-flag & foreign-flag	51,129	(17,363)	33,766
Ocean liquid tank barges - U.S.-flag	39,238	(16,171)	23,067
	<u>634,916</u>	<u>(291,687)</u>	<u>343,229</u>
Inland Services:			
Towboats	50,615	(3,498)	47,117
	<u>\$ 685,531</u>	<u>\$ (295,185)</u>	<u>\$ 390,346</u>

9. INCOME TAXES

Income before income tax expense (benefit) and equity in earnings (losses) of 50% or less owned companies derived from U.S. and foreign companies for the years ended December 31, were as follows (in thousands):

	2019	2018	2017
United States	\$ 41,398	\$ 33,563	\$ 28,546
Foreign	6,182	56,558	4,748
Eliminations and other	1,517	1,568	1,911
	<u>\$ 49,097</u>	<u>\$ 91,689</u>	<u>\$ 35,205</u>

The Company files a consolidated U.S. federal tax return. The components of income tax expense (benefit) for the years ended December 31, were as follows (in thousands):

	2019	2018	2017
Current:			
State	\$ 739	\$ 253	\$ 1,136
Federal	(244)	20,776	(17,181)
Foreign	1,165	2,899	333
	<u>1,660</u>	<u>23,928</u>	<u>(15,712)</u>
Deferred:			
State	404	(3,001)	12
Federal	7,765	(12,512)	(51,489)
	<u>8,169</u>	<u>(15,513)</u>	<u>(51,477)</u>
	<u>\$ 9,829</u>	<u>\$ 8,415</u>	<u>\$ (67,189)</u>

The following table reconciles the difference between the statutory federal income tax rate for the Company and the effective income tax rate for the years ended December 31,:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutory rate	21.0 %	21.0 %	35.0 %
Income subject to tonnage tax	(2.3)%	(1.3)%	(5.9)%
Dorian distribution	— %	— %	22.8 %
Reversal of uncertain tax position	— %	— %	(28.7)%
U.S. federal income tax statutory changes	— %	— %	(190.2)%
Non-deductible expenses	1.6 %	0.2 %	0.8 %
Noncontrolling interests	(3.1)%	(5.7)%	(22.4)%
Foreign earnings not subject to U.S. income tax	(4.1)%	(16.2)%	— %
Foreign taxes not creditable against U.S. income tax	1.4 %	3.2 %	— %
Losses of foreign subsidiaries not benefited	— %	— %	(6.6)%
Subpart F income	1.5 %	12.1 %	— %
State taxes	2.0 %	(3.1)%	1.2 %
Share award plans	0.6 %	(0.3)%	2.0 %
Other	1.4 %	(0.7)%	1.1 %
	<u>20.0 %</u>	<u>9.2 %</u>	<u>(190.9)%</u>

On December 22, 2017, the U.S. enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the “Tax Act”). The Tax Act makes broad and complex changes to the U.S. tax code, including, but not limited to, reducing the U.S. federal corporate tax rate from 35% to 21%, eliminating or capping certain deductions, imposing a mandatory one-time tax on accumulated earnings in foreign subsidiaries, introducing new tax regimes and changing how foreign earnings are subject to U.S. taxation. The statutory corporate tax rate reduction is effective for tax years beginning on or after January 1, 2018. During the year ended December 31, 2017, the Company recorded a net income tax benefit of \$66.9 million as a consequence of reducing its net deferred tax liabilities to reflect the change in the statutory tax rate.

During the year ended December 31, 2013, the Company provided for income taxes of \$10.1 million relating to potential tax exposures surrounding the spin-off of Era Group Inc. (“Era Group”) by means of a dividend to SEACOR’s shareholders of all the issued and outstanding common stock of Era Group. During the year ended December 31, 2017, the Company reversed this provision as the statute of limitations expired. In addition, the Company reversed accumulated accrued interest of \$2.0 million related to this provision, included as a reduction in interest expense in the accompanying consolidated statements of income.

The components of the net deferred income tax liabilities for the years ended December 31, were as follows (in thousands):

	2019	2018
Deferred tax liabilities:		
Property and equipment	\$ 121,840	\$ 93,049
Long-term debt	15,395	18,355
Gains on marketable securities	459	—
Investments in 50% or less owned companies	1,541	1,934
Intangible assets	706	614
Deductible goodwill	1,002	344
Other	—	31
Total deferred tax liabilities	140,943	114,327
Deferred tax assets:		
Net operating loss carryforwards	21,385	—
Capital loss carryforwards	5,192	—
Share award plans	3,686	3,711
Losses on marketable securities	—	8,596
Debt and equity issuance costs	515	379
Other	8,721	11,178
Total deferred tax assets	39,499	23,864
Valuation allowance	(4,217)	(3,957)
Net deferred tax assets	35,282	19,907
Net deferred tax liabilities	\$ 105,661	\$ 94,420

During the year ended December 31, 2019, the Company increased its valuation allowance for state net operating loss carryforwards from \$4.0 million to \$4.2 million. The Company's capital loss carryforwards expire in 2024.

10. DERIVATIVE INSTRUMENTS AND HEDGING STRATEGIES

Cash Flow Hedges. One of the Company's 50% or less owned companies has subsidiaries with interest rate swap agreements designated as cash flow hedges, with an aggregate amortizing notional value of \$48.0 million that mature in March 2028. These interest rate swaps call for the subsidiaries to pay a fixed rate of 1.74% on the aggregate amortizing notional value and receive a variable interest rate based on LIBOR. Another one of the Company's 50% or less owned companies, had an interest rate swap agreement designated as a cash flow hedge that matured in April 2017. This interest rate swap called for this company to pay a fixed interest rate of 2.79% on the amortized notional value and receive a variable interest rate based on LIBOR. By entering into these interest rate swap agreements, the Company's 50% or less owned companies converted the variable LIBOR component of certain of its outstanding borrowings to a fixed interest rate. During the year ended December 31, 2019, the Company recognized gains on the fair value of these contracts of \$0.1 million which is included as a component of other comprehensive income (loss).

Other Derivative Instruments. The Company recognized gains on derivative instruments not designated as hedging instruments for the years ended December 31, as follows (in thousands):

	Derivative gains 2017
Exchange option liability on subsidiary convertible senior notes	\$ 19,436
Forward currency exchange, option and future contracts	291
	\$ 19,727

The exchange option liability on subsidiary convertible senior notes terminated on June 1, 2017 as a consequence of the Spin-Off.

The Company enters and settles forward currency exchange, option and future contracts with respect to various foreign currencies. These contracts enable the Company to buy currencies in the future at fixed exchange rates, which could offset possible consequences of changes in currency exchange rates with respect to the Company's business conducted outside of the United States. As of December 31, 2019, there were no outstanding forward currency exchange contracts.

11. FAIR VALUE MEASUREMENTS

The fair value of an asset or liability is the price that would be received to sell an asset or transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company utilizes a fair value hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value and defines three levels of inputs that may be used to measure fair value. *Level 1* inputs are quoted prices in active markets for identical assets or liabilities. *Level 2* inputs are observable inputs other than quoted prices included in *Level 1* that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or inputs derived from observable market data. *Level 3* inputs are unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

The Company's financial assets and liabilities as of December 31, that are measured at fair value on a recurring basis were as follows (in thousands):

	Level 1	Level 2	Level 3
2019			
ASSETS			
Cash, cash equivalents, restricted cash and restricted cash equivalents	\$ 78,444	\$ —	\$ —
Marketable securities ⁽¹⁾	7,936	—	—
2018			
ASSETS			
Cash, cash equivalents, restricted cash and restricted cash equivalents	\$ 147,212	\$ —	\$ —
Marketable securities ⁽¹⁾	30,316	—	—
Construction reserve funds	3,908	—	—

(1) Marketable security gains (losses), net include gains of \$2.2 million for the year ended December 31, 2019 related to marketable security positions held by the Company as of December 31, 2019. Marketable security gains (losses), net include losses of \$12.4 million and gains of \$0.1 million for the years ended December 31, 2018 and 2017, respectively, related to marketable security positions held by the Company as of December 31, 2018.

The estimated fair value of the Company's other financial assets and liabilities as of December 31, were as follows (in thousands):

	Carrying Amount	Level 1	Level 2	Level 3
2019				
ASSETS				
Notes receivable from third parties (included in other receivables and other assets)	\$ 1,119	\$ —	\$ 1,082	\$ —
Investments, at cost, in 50% or less owned companies (included in other assets)	4,201	<i>see below</i>		
LIABILITIES				
Long-term debt, including current portion ⁽¹⁾	314,466	—	330,088	—
2018				
ASSETS				
Notes receivable from third parties (included in other receivables and other assets)	\$ 2,182	\$ —	\$ 2,159	\$ —
Investments, at cost, in 50% or less owned companies (included in other assets)	4,300	<i>see below</i>		
LIABILITIES				
Long-term debt, including current portion ⁽¹⁾	354,625	—	353,929	—

(1) The estimated fair value includes the embedded conversion options on the Company's 3.0% and 3.25% Convertible Senior Notes.

The fair value of the Company's long-term debt and notes receivable from third parties was estimated based upon quoted market prices or by using discounted cash flow analyses based on estimated current rates for similar types of arrangements. It was not practicable to estimate the fair value of certain of the Company's investments, at cost, in 50% or less owned companies because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. Considerable judgment was required in developing certain of the estimates of fair value and, accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

The Company's non-financial assets that were measured at fair value during the years ended December 31, were as follows (in thousands):

	Level 1	Level 2	Level 3
2018			
ASSETS			
Investments, at equity, and advances in 50% or less owned companies	\$ —	\$ 3,219	\$ —

Investments, at equity, and advances in 50% or less owned companies. During the year ended December 31, 2018, the Company marked its investment in Cleancor to fair value as a consequence of the Company acquiring its partners' 50% interest, resulting in a gain of \$0.1 million, net of tax, based on the fair value of the acquired interest (see Note 2). In addition, During the year ended December 31, 2018, the company identified indicators of impairment in one of the Company's other 50% or less owned companies and, as a consequence, recognized an impairment charge of \$0.1 million for an other-than-temporary decline in fair value. The investment was determined to have an immaterial value.

12. EQUITY TRANSACTIONS

Stock Repurchases. SEACOR's Board of Directors previously approved a securities repurchase plan that authorizes the Company to acquire its Securities, which may be acquired through open market purchases, privately negotiated transactions or otherwise, depending on market conditions (see Note 7).

During the year ended December 31, 2019, the Company acquired 3,912, shares of Common Stock for treasury under the Securities repurchase plan for an aggregate purchase price of \$0.1 million. As of December 31, 2019, the Company's repurchase authority for the Securities was \$129.9 million. During the years ended December 31, 2018 and 2017, the Company acquired no shares of Common Stock for treasury under the Securities repurchase plan.

During the years ended December 31, 2019 and 2017, the Company acquired for treasury 8,338 and 212,659 shares of Common Stock, respectively, for aggregate purchase prices of \$0.4 million and \$12.3 million, respectively, from its employees to cover their tax withholding obligations related to share award transactions. These shares were purchased in accordance with the terms of the Company's Share Incentive Plans and not pursuant to the repurchase authorizations granted by SEACOR's Board of Directors.

Stock Issuances. On June 1, 2017, the Company completed the Spin-off of SEACOR Marine by means of a dividend of all of the issued and outstanding common stock of SEACOR Marine to SEACOR's shareholders. In the Spin-off, holders of SEACOR Common Stock received approximately 1.005 shares of SEACOR Marine common stock for each share of SEACOR Common Stock held as of the record date for the Spin-off.

On December 20, 2017, the Company distributed 3,977,135 shares of Dorian common stock with a value of \$31.4 million (based on the closing share price on that date) to its stockholders with each holder of Common Stock receiving approximately 0.2215 shares of Dorian common stock for each share of SEACOR Common Stock held as of the record date for such distribution. The Compensation Committee of the Board of Directors elected, at its discretion, to distribute shares of Dorian on the Company's restricted shares outstanding on the record date rather than depositing the shares in escrow pending the lapsing of restrictions.

On August 2, 2019, the Company acquired the Remaining SEA-Vista Interest (See Note 1). As part of the consideration for the Remaining SEA-Vista Interest, the Company issued the Consideration Shares in a private placement exempt from registration under the Securities Act of 1933, as amended.

In connection with the issuance of the Consideration Shares, the Seller agreed to certain restrictions on its ability to dispose of the Consideration Shares pursuant to a Lock-Up Agreement, dated August 2, 2019, between the Company and the Seller (the "Lock-Up Agreement"). Pursuant to the Lock-Up Agreement, the Seller was prohibited from distributing the Consideration Shares to its limited partners prior to November 1, 2019 and from otherwise transferring or disposing of the Consideration Shares in any other manner on or prior to February 2, 2020. On November 15, 2019, the Seller distributed the shares to its partners, effectively terminating the Lock-Up Agreement.

13. NONCONTROLLING INTERESTS IN SUBSIDIARIES

Noncontrolling interests in the Company's consolidated subsidiaries as of December 31, were as follows (in thousands):

	Noncontrolling Interests	2019	2018
Ocean Services:			
SEA-Vista	49.0%	\$ —	\$ 148,665
Inland Services:			
Other	3.0% – 51.8%	785	862
Other	5.0%	3	161
		<u>\$ 788</u>	<u>\$ 149,688</u>

SEA-Vista. SEA-Vista owns and operates the Company's fleet of U.S.-flag petroleum and chemical carriers used in the U.S. coastwise trade of crude oil, petroleum and specialty chemical products. On August 2, 2019, the Company acquired the Remaining SEA-Vista Interest (See Notes 1 and 12). During the seven months ended July 31, 2019, the net income of SEA-Vista was \$14.8 million, of which \$7.2 million was attributable to noncontrolling interests. During the year ended December 31, 2018, the net income of SEA-Vista was \$51.2 million, of which \$25.1 million was attributable to noncontrolling interests. During the year ended December 31, 2017, the net income of SEA-Vista was \$45.9 million, of which \$22.5 million was attributable to noncontrolling interests.

14. SAVINGS, MULTI-EMPLOYER AND DEFINED BENEFIT PENSION PLANS

SEACOR Savings Plan. The Company provides a defined contribution plan (the "Savings Plan") for its eligible U.S.-based employees. The Company's contribution to the Savings Plan is limited to 3.5% of an employee's wages depending upon the employee's level of voluntary wage deferral into the Savings Plan and is subject to annual review by the Board of Directors. The Company's Savings Plan costs were \$2.2 million, \$2.0 million and \$1.8 million for the years ended December 31, 2019, 2018 and 2017, respectively.

SEACOR Deferred Compensation Plan. In 2005, the Company established a non-qualified deferred compensation plan, as amended (the "Deferred Compensation Plan") to provide certain highly compensated executives and non-employee directors the ability to defer receipt of up to 75% of their cash base salary and up to 100% of their cash bonus. Each participant's compensation deferrals are credited to a bookkeeping account and, subject to certain restrictions, each participant may elect to have their cash deferrals in such account indexed against one or more investment options, solely for purposes of determining amounts payable under the Deferred Compensation Plan (the Company is not obligated to actually invest any deferred amounts in the selected investment options).

Participants may receive a distribution of deferred amounts, plus any earnings thereon (or less any losses), on a date specified by the participant or, if earlier, upon a separation from service or upon a change of control (as defined). All distributions to participants following a separation from service shall be in the form of a lump sum, except if such separation qualifies as "retirement" under the terms of the plan, in which case it may be paid in installments if previously elected by the participant. Distributions to "Key Employees" upon a separation from service (other than due to death) will not commence until at least six months after the separation from service. Participants are always 100% vested in the amounts they contribute to their Deferred Compensation Plan accounts. The Company, at its option, may contribute amounts to participants' accounts, which may be subject to vesting requirements.

The obligations of the Company to pay deferred compensation under the Deferred Compensation Plan are general unsecured obligations of the Company and rank equally with other unsecured indebtedness of the Company that is outstanding from time to time. As of December 31, 2019 and 2018 the Company had obligations of \$0.8 million and \$0.6 million, respectively, related to the Deferred Compensation Plan that are included in the accompanying consolidated balance sheets as deferred gains and other liabilities. The total amount of the Company's obligation under the Deferred Compensation Plan will vary depending upon the level of participation by participants and the amount of compensation that participants elect to defer under the plan. The duration of the Deferred Compensation Plan is indefinite (subject to the Board of Directors' discretion to amend or terminate the plan).

AMOPP and SPP. Certain subsidiaries of the Company are participating employers in two industry-wide, multi-employer defined benefit pension plans, the American Maritime Officers Pension Plan (the “AMOPP” - EIN: 13-1936709) and the Seafarers Pension Plan (the “SPP” - EIN: 13-6100329). The Company’s participation in these plans relates to certain employees of the Company’s Ocean Services business segment. During the years ended December 31, 2019, 2018 and 2017, the Company made contributions of \$2.6 million, \$2.5 million and \$2.4 million, respectively in the aggregate to the AMOPP and SPP.

Under federal pension law, a plan is in "endangered" status if the funded percentage (plan assets divided by its liabilities) is less than 80% and in "critical" status if the funded percentage is less than 65% (other factors may also apply). For the 2019 plan year, the AMOPP was neither in endangered status nor critical status. The Company received notification from the AMOPP that the Company's withdrawal liability as of September 30, 2018, the latest period for which an actuarial valuation is available, would have been \$28.1 million. That liability may change in future years based on various factors, primarily employee census. As of December 31, 2019, the Company had no intention to withdraw from the AMOPP and no deficit amounts have been invoiced. Depending upon the results of the future actuarial valuations, it is possible that the AMOPP will experience further funding deficits, requiring the Company to recognize additional payroll related operating expenses in the periods invoices are received or contribution levels are increased.

The SPP was neither in endangered nor critical status for the 2018 plan year, the latest period for which a report is available, as the SPP was fully funded.

Multi-Employer Defined Contribution Plans. In accordance with collective bargaining agreements between the Company and the American Maritime Officers Union, the latest of which expires on August 31, 2022, the Seafarers International Union, the latest of which expires on July 31, 2022, the Masters Mates and Pilots Union, which expires July 2, 2022 and the Marine Engineer Benefit Association, which expires July 2, 2022, the Company makes periodic contributions to various defined contribution and 401(k) plans for the benefit of the participants. The contributions to these plans are expensed as incurred and are included in operating expenses in the accompanying consolidated statements of income. During the years ended December 31, 2019, 2018 and 2017, the Company made contributions of \$1.1 million, \$1.0 million and \$1.0 million, respectively, in the aggregate to these plans. During the years ended December 31, 2019, 2018 and 2017, none of the Company’s contributions to any of these plans exceeded 5% of total contributions to each plan and the Company did not pay any material surcharges. As of December 31, 2019, there is no required minimum future contributions to these plans. The Company’s obligations for future contributions are based upon the number of employees subject to the collective bargaining agreements, their rates of pay and the number of days worked. Future negotiations of collective bargaining agreements between the Company and the participating unions, including the contribution levels for these plans or any additional plans that may come into existence, may result in increases to the Company’s wage and benefit costs and those increases may be material.

ISH Retirement Plan. ISH sponsored a defined benefit pension plan (the “ISH Retirement Plan”) covering non-union employees prior to its acquisition by the Company on July 3, 2017 (see Note 2). The ISH Retirement Plan generally provided participants with benefits based on years of service and compensation levels for participants hired prior to September 1, 2006. From that date forward, the benefit was calculated prospectively under a cash balance formula with pay credits based on age plus service years and interest credits based on an as defined U.S. treasury rate. Effective July 3, 2017, in conjunction with the Plan, an amendment was made to the ISH Retirement Plan that fully vested all active participants as of January 1, 2017 and froze the retirement benefits effective August 31, 2017. As of August 31, 2017, all retirement benefits earned were fully preserved and will be paid in accordance with the ISH Retirement Plan and legal requirements.

The funded status of the ISH Retirement Plan as of December 31, was as follows (in thousands):

	2019	2018
Fair Value of Assets	\$ 37,723	\$ 34,923
Projected Benefit Obligation	(37,583)	(34,299)
Funded Status ⁽¹⁾	\$ 140	\$ 624

(1) Included in other assets in the accompanying consolidated balance sheets.

During the years ended December 31, 2019 and 2018, pension expense was \$0.5 million and \$0.9 million, respectively. During the period July 3, 2017 through December 31, 2017, pension income was \$1.3 million.

The significant assumptions used in determining the projected benefit obligation as of December 31, and pension expense for the years ended December 31, were as follows:

	2019	2018
Discount rate	3.10 %	4.05 %
Rate of increase in compensations levels ⁽¹⁾	N/A	N/A
CPI	2.25 %	2.25 %
Cash balance interest credits (compounded annually)	4.00 %	4.00 %
Expected long-term rate of return on plan assets	6.00 %	6.75 %

(1) Retirement benefits were frozen as of August 31, 2017.

The future benefit payments expected to be paid in each of the next five fiscal years are as follows (in thousands):

2020	2,250
2021	2,120
2022	2,200
2023	2,180
2024	2,160

15. SHARE BASED COMPENSATION

Share Incentive Plans. SEACOR's stockholders approved the 2014 Share Incentive Plan to provide for the grant of options to purchase shares of Common Stock, stock appreciation rights, restricted stock, stock awards, performance awards and restricted stock units to non-employee directors, key officers and employees of the Company. The 2014 Share Incentive Plan superseded the 2007 Share Incentive Plan (collectively including all predecessor plans, the "Share Incentive Plans"). The Compensation Committee of the Board of Directors administers the Share Incentive Plans. A total of 6,650,000 shares of Common Stock have been authorized for grant under the Share Incentive Plans. All shares issued pursuant to such grants are newly issued shares of Common Stock. The exercise price per share of options granted cannot be less than 100% of the fair market value of Common Stock at the date of grant under the Share Incentive Plans. Grants to date have been limited to stock awards, restricted stock, restricted stock units and options to purchase shares of Common Stock.

Restricted stock typically vests from one to five years after date of grant and options to purchase shares of Common Stock typically vest and become exercisable from one to five years after date of grant. Options to purchase shares of Common Stock granted under the Share Incentive Plans expire no later than the tenth anniversary of the date of grant. In the event of a participant's death, retirement, termination by the Company without cause or a change in control of the Company, as defined in the Share Incentive Plans, restricted stock vests immediately and options to purchase shares of Common Stock vest and become immediately exercisable.

Employee Stock Purchase Plans. SEACOR's stockholders approved an amendment to the 2009 Employee Stock Purchase Plan (collectively including all predecessor plans, the "Employee Stock Purchase Plans") increasing the shares of Common Stock available for issuance under the plan by 300,000 and extending the term to ten years from the date of the Company's 2018 annual meeting of stockholders. The Employee Stock Purchase Plans permit the Company to offer Common Stock for purchase by eligible employees at a price equal to 85% of the lesser of (i) the fair market value of Common Stock on the first day of the offering period or (ii) the fair market value of Common Stock on the last day of the offering period. Common Stock is made available for purchase under the Employee Stock Purchase Plans for six-month offering periods. The Employee Stock Purchase Plans are intended to comply with Section 423 of the Internal Revenue Code of 1986, as amended (the "Code"), but is not intended to be subject to Section 401(a) of the Code or the Employee Retirement Income Security Act of 1974. The Board of Directors of SEACOR may amend or terminate the Employee Stock Purchase Plans at any time; however, no increase in the number of shares of Common Stock reserved for issuance under the Employee Stock Purchase Plans may be made without stockholder approval. A total of 900,000 shares of Common Stock have been approved for purchase under the Employee Stock Purchase Plans with all shares issued from those held in treasury.

Share Award Transactions. The following transactions have occurred in connection with the Company’s share based compensation plans during the years ended December 31,:

	2019	2018	2017
Restricted stock awards granted	149,950	121,850	153,100
Restricted stock awards forfeited	(4,230)	—	(2,444)
Director stock awards granted	2,125	2,875	1,750
Stock Option Activities:			
Outstanding as of the beginning of year	1,467,391	1,546,014	1,639,865
Granted ⁽¹⁾	165,650	142,550	1,013,893
Exercised	(165,893)	(220,694)	(562,587)
Forfeited	(5,200)	—	(3,374)
Expired	(7,874)	(479)	(541,783)
Outstanding as of the end of year	1,454,074	1,467,391	1,546,014
Employee Stock Purchase Plans shares issued	44,383	45,251	36,552
Shares available for issuance under Share Incentive and Employee Stock Purchase Plans as of the end of year ⁽²⁾	539,414	884,218	896,265

(1) On June 2, 2017, the Company granted 846,353 stock options to existing option holders under make-whole provisions upon the Spin-off.

(2) Shares available for future grants and ESPP purchases were adjusted on June 2, 2017 to reflect the Spin-off in accordance with make-whole provisions of the plans.

During the years ended December 31, 2019, 2018 and 2017, the Company recognized \$5.2 million, \$4.0 million and \$32.5 million, respectively, of compensation expense related to stock awards, stock options, employee stock purchase plans purchases and restricted stock (collectively referred to as “share awards”). During 2017, compensation expense related to stock awards included \$16.6 million associated with the Spin-off and the accelerated vesting of incentive share awards in advance of changes in the U.S. federal income tax code. As of December 31, 2019, the Company had approximately \$12.8 million in total unrecognized compensation costs of which \$4.5 million and \$3.5 million are expected to be recognized in 2020 and 2021, respectively, with the remaining balance recognized through 2024.

The weighted average values of grants under the Company’s Share Incentive Plans were \$27.67, \$29.72 and \$37.20 for the years ended December 31, 2019, 2018 and 2017, respectively. The fair value of each option granted during the years ended December 31, 2019, 2018 and 2017, is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions: (a) no dividend yield, (b) weighted average expected volatility of 28.2%, 26.6% and 25.5%, respectively, (c) weighted average discount rates of 1.88%, 2.78% and 1.92%, respectively, and (d) expected lives of 5.75 years, 5.58 years and 5.59 years, respectively.

During the year ended December 31, 2019, the number of shares and the weighted average grant price of restricted stock transactions were as follows:

	Restricted Stock	
	Number of Shares	Weighted Average Grant Price
Nonvested as of December 31, 2018	121,850	\$ 46.66
Granted	149,950	\$ 43.20
Vested	(26,390)	\$ 46.58
Forfeited	(4,230)	\$ 44.66
Nonvested as of December 31, 2019	241,180	\$ 44.55

During the years ended December 31, 2019 and 2017, the total grant date fair value of restricted stock that vested was \$1.2 million and \$26.1 million, respectively. During the year ended December 31, 2018, no restricted stock vested.

During the year ended December 31, 2019, the number of shares and the weighted average exercise price on stock option transactions were as follows:

	Total Options	
	Number of Shares	Weighted Average Exercise Price
Outstanding, as of December 31, 2018	1,467,391	\$ 41.72
Granted	165,650	\$ 43.77
Exercised	(165,893)	\$ 31.61
Forfeited	(5,200)	\$ 43.47
Expired	(7,874)	\$ 48.84
Outstanding, as of December 31, 2019	1,454,074	\$ 43.19
Outstanding and Exercisable, as of December 31, 2019	1,013,705	\$ 43.60

During the years ended December 31, 2019, 2018 and 2017, the aggregate intrinsic value of exercised stock options was \$2.5 million, \$3.9 million and \$5.6 million, respectively. As of December 31, 2019, the weighted average remaining contractual term for total outstanding stock options and vested/exercisable stock options was 5.10 and 3.90 years, respectively. As of December 31, 2019, the aggregate intrinsic value of all options outstanding and all vested/exercisable options outstanding was \$3.8 million and \$2.7 million, respectively.

16. RELATED PARTY TRANSACTIONS

The Company manages barge pools as part of its Inland Services segment. Pursuant to the pooling agreements, operating revenues and expenses of participating barges are combined and the net results are allocated on a pro-rata basis based on the number of barge days contributed by each participant. Companies controlled by Mr. Fabrikant, the Executive Chairman and Chief Executive Officer of SEACOR, and trusts established for the benefit of Mr. Fabrikant's children, own barges that participate in the barge pools managed by the Company. Mr. Fabrikant and his affiliates were participants in the barge pools prior to the acquisition of SCF Marine Inc. by SEACOR in 2000. During the years ended December 31, 2019, 2018 and 2017, Mr. Fabrikant and his affiliates earned \$0.5 million, \$0.9 million and \$0.6 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 the Company). As of December 31, 2019 and 2018, the Company owed Mr. Fabrikant and his affiliates \$0.1 million and \$0.5 million, respectively, for undistributed net barge pool results.

Mr. Fabrikant is a director of SEACOR Marine. The Company has provided certain transition services to SEACOR Marine related to the Spin-off and the total amount earned from these transition services during the years ended December 31, 2019, 2018 and 2017 was \$0.6 million, \$4.6 million and \$3.5 million, respectively.

17. COMMITMENTS AND CONTINGENCIES

The Company's capital commitments as of December 31, 2019 by year of expected payment were as follows (in thousands):

	2020	2021	2022	Total
Ocean Services	\$ 22,394	\$ 30,965	\$ 2,636	\$ 55,995
Inland Services	5,663	—	—	5,663
Other	582	—	—	582
	<u>\$ 28,639</u>	<u>\$ 30,965</u>	<u>\$ 2,636</u>	<u>\$ 62,240</u>

Ocean Services' capital commitments included four U.S.-flag harbor tugs and an interest in two foreign-flag rail ferries. Inland Services' capital commitments included four inland river dry-cargo barges, two inland river towboats, other equipment, and vessel and terminal improvements. Subsequent to December 31, 2019, the Company committed to purchase two inland river dry-cargo barges and other property and equipment for \$2.5 million.

During 2012, the Company sold National Response Corporation ("NRC"), NRC Environmental Services Inc., SEACOR Response Ltd., and certain other subsidiaries to J.F. Lehman & Company, a private equity firm (the "SES Business Transaction").

On December 15, 2010, O'Brien's Response Management L.L.C. ("ORM") and NRC were named as defendants in several "master complaints" filed in the overall multi-district litigation relating to the *Deepwater Horizon* oil spill response and clean-up in the Gulf of Mexico (the "DWH Response"), which is currently pending in the U.S. District Court for the Eastern District of Louisiana (the "MDL"). The "B3" master complaint naming ORM and NRC asserted various claims on behalf of a putative class against multiple defendants concerning the clean-up activities generally and the use of dispersants specifically. Both prior to and following

the filing of the aforementioned “B3” master complaint, individual civil actions naming the Company, ORM, and/or NRC alleging B3 exposure-based injuries and/or damages were consolidated with the MDL and stayed pursuant to court order. On February 16, 2016, all but eleven “B3” claims against ORM and NRC were dismissed with prejudice (the “B3 Dismissal Order”). On August 2, 2016, the Court granted an omnibus motion for summary judgment as it concerns ORM and NRC in its entirety, dismissing the remaining eleven plaintiffs’ claims against ORM and NRC with prejudice (the “Remaining Eleven Plaintiffs’ Dismissal Order”). The deadline to appeal both of these orders has expired. The last remaining claim against the Company in connection with the “B3” master complaint was dismissed with prejudice, by an order of the Court granted on July 25, 2019.

On February 18, 2011, Triton Asset Leasing GmbH, Transocean Holdings LLC, Transocean Offshore Deepwater Drilling Inc., and Transocean Deepwater Inc. (collectively “Transocean”) named ORM and NRC as third-party defendants in a Rule 14(c) Third-Party Complaint in Transocean’s own Limitation of Liability Act action, which is part of the overall MDL, tendering to ORM and NRC the claims in the “B3” master complaint that have already been asserted against ORM and NRC. Various contribution and indemnity cross-claims and counterclaims involving ORM and NRC were subsequently filed. The Company believes that the potential exposure, if any, resulting therefrom has been reduced as a result of the various developments in the MDL, including the B3 Dismissal Order and Remaining Eleven Plaintiffs’ Dismissal Order, and does not expect that these matters will have a material effect on its consolidated financial position, results of operations or cash flows.

Separately, on March 2, 2012, the Court announced that BP Exploration and Production Inc. (“BPXP”) and BP America Production Company (“BP America,” and with BPXP, “BP”) and the Plaintiffs had reached an agreement on the terms of two proposed class action settlements that will resolve, among other things, Plaintiffs’ economic loss and property damage claims and clean-up related claims against BP. The Company, ORM, and NRC had no involvement in negotiating or agreeing to the terms of either settlement, nor are they parties or signatories thereto. The BP settlement pertaining to personal injury claims (the “Medical Settlement”) purported to resolve the “B3” claims asserted against BP and also established a right for class members to pursue individual claims against BP (but not ORM or NRC) for “later-manifested physical conditions,” defined in the Medical Settlement to be physical conditions that were “first diagnosed” after April 16, 2012 and which are claimed to have resulted from exposure during the DWH Response. The back-end litigation-option (“BELO”) provision of the Medical Settlement has specifically-delineated procedures and limitations, should any “B3” class member seek to invoke their BELO right. For example, there are limitations on the claims and defenses that can be asserted, as well as on the issues, elements, and proofs that may be litigated at any trial and the potential recovery for any Plaintiff. Notwithstanding that the Company, ORM, and NRC are listed on the Medical Settlement’s release as to claims asserted by Plaintiffs, the Medical Settlement still permits BP to seek indemnity from any party, to the extent BP has a valid indemnity right. The Medical Settlement was approved by the Court on January 11, 2013 and made effective on February 12, 2014.

As of mid-January 2020, BP has tendered approximately 2,380 claims pursuant to the Medical Settlement’s BELO provision for indemnity to ORM and approximately 230 of such claims to NRC. Recently, approximately 450 of the claims that were tendered by BP to ORM and approximately 35 of the claims tendered to NRC have been dismissed with prejudice. ORM and NRC have rejected all of BP’s indemnity demands relating to the Medical Settlement’s BELO provision and on February 14, 2019 commenced a legal action against BPXP and BP America with respect to same. That action, captioned *O’Brien’s Response Management, L.L.C. et al. v. BP Exploration & Production Inc. et al.*, Case No. 2:19-CV-01418-CJB-JCW (E.D. La.) (the “Declaratory Judgment Action”), seeks declaratory relief that neither ORM nor NRC have any indemnity obligation to BP with respect to the exposure-based claims expressly contemplated by the Medical Settlement’s BELO provision, nor any contribution, in light of BP’s own actions and conduct over the past nine years (including its complete failure to even seek indemnity) and the resultant prejudice to ORM and NRC; that any indemnity or contribution rights BP may have once had with respect to these personal injury and exposure claims were extinguished once the Medical Settlement was approved by the MDL Court in 2013; and that the immunity already afforded to ORM and NRC via the B3 Dismissal Order and the Remaining Eleven Plaintiffs’ Dismissal Order operates to bar any indemnity or contribution claims against them by BP. BP subsequently proceeded to begin tendering personal injury claims to ORM and NRC that are being pursued by plaintiffs who opted out of the Medical Settlement and who are thus proceeding with their “B3” claims in their ordinary course (as opposed to pursuant to the Medical Settlement’s BELO provision). ORM and NRC also rejected these demands, and amended its Declaratory Judgment Action on December 11, 2019 to cover BP’s indemnity demands for these opt out claims as well.

On October 16, 2019, BP asserted four amended counterclaims against ORM and NRC, as well as two claims against ORM’s insurer (Navigators). Those amended counterclaims are breach of contract against ORM for failing to indemnify BP or name BP as an additional insured on the Navigators policy, declaratory judgment that NRC must indemnify BP under certain circumstances, and unjust enrichment against ORM and NRC. ORM and NRC moved to dismiss the last three of those counterclaims. That motion to dismiss was fully briefed as of January 10, 2020, and remains pending. The Court also ordered the parties to file simultaneous judgment on the pleadings briefs by February 14, 2020, and any oppositions by March 16, 2020.

Generally, the Company, ORM, and NRC believe that BP's indemnity demands with respect to any "B3" claims, including those involving Medical Settlement class members invoking BELO rights and those involving Medical Settlement opt-out Plaintiffs, are untimely and improper, and intend to vigorously defend their interests. Moreover, ORM has contractual indemnity coverage for the above-referenced claims through its separate agreements with sub-contractors that worked for ORM during the DWH Response and has preserved their rights in that regard while the Declaratory Judgment Action is pending. Overall, however, the Company believes that both of BP's settlements have reduced the potential exposure in connection with the various cases relating to the DWH Response. The Company is unable to estimate the potential exposure, if any, resulting from these claims, but does not expect that they will have a material effect on its consolidated financial position, results of operations or cash flows.

In the ordinary course of the Company's business, it may agree to indemnify its counterparty to an agreement. If the indemnified party makes a successful claim for indemnification, the Company would be required to reimburse that party in accordance with the terms of the indemnification agreement. Indemnification agreements generally, but not always, are subject to threshold amounts, specified claim periods and other restrictions and limitations.

In connection with the SES Business Transaction, the Company remains contingently liable for work performed in connection with the DWH Response. Pursuant to the agreement governing the sale, the Company's potential liability to the purchaser may not exceed the consideration received by the Company for the SES Business Transaction. The Company is currently indemnified under contractual agreements with BP for the potential "B3" liabilities relating to the DWH Response; this indemnification is unrelated to, and thus not impacted by, the indemnification BP has demanded and discussed above.

In the ordinary course of its business, the Company becomes involved in various other litigation matters including, among other things, claims by third parties for alleged property damages and personal injuries. Management has used estimates in determining the Company's potential exposure to these matters and has recorded reserves in its financial statements related thereto where appropriate. It is possible that a change in the Company's estimates of that exposure could occur, but the Company does not expect such changes in estimated costs would have a material effect on the Company's consolidated financial position, results of operations or cash flows.

18. SEGMENT INFORMATION

The following tables summarize the operating results, capital expenditures and assets of the Company's reportable segments.

	Ocean Services \$'000	Inland Services \$'000	Witt O'Brien's \$'000	Other \$'000	Corporate and Eliminations \$'000	Total \$'000
For the year ended December 31, 2019						
Operating Revenues:						
External customers	423,288	267,334	101,663	7,681	—	799,966
Intersegment	—	—	120	—	(120)	—
	<u>423,288</u>	<u>267,334</u>	<u>101,783</u>	<u>7,681</u>	<u>(120)</u>	<u>799,966</u>
Costs and Expenses:						
Operating	280,809	229,418	68,052	5,464	(110)	583,633
Administrative and general	40,215	13,140	25,959	3,489	22,714	105,517
Depreciation and amortization	40,986	23,262	835	1,982	1,506	68,571
	<u>362,010</u>	<u>265,820</u>	<u>94,846</u>	<u>10,935</u>	<u>24,110</u>	<u>757,721</u>
Gains (Losses) on Asset Dispositions, Net	1,291	1,602	18	32	(33)	2,910
Operating Income (Loss)	<u>62,569</u>	<u>3,116</u>	<u>6,955</u>	<u>(3,222)</u>	<u>(24,263)</u>	<u>45,155</u>
Other Income (Expense):						
Foreign currency losses, net	(98)	(212)	(1)	—	(1)	(312)
Other, net	(112)	—	(463)	431	10	(134)
Equity in Earnings (Losses) of 50% or Less Owned Companies, Net of Tax	(669)	(6,520)	902	1,037	—	(5,250)
Segment Profit (Loss)	<u>61,690</u>	<u>(3,616)</u>	<u>7,393</u>	<u>(1,754)</u>		
Other Income (Expense) not included in Segment Profit						4,388
Plus Equity in Losses included in Segment Profit						<u>5,250</u>
Income Before Taxes and Equity in Losses						<u>49,097</u>
Capital Expenditures						
	<u>4,859</u>	<u>30,040</u>	<u>47</u>	<u>1,997</u>	<u>843</u>	<u>37,786</u>
As of December 31, 2019						
Property and Equipment:						
Historical cost	932,267	469,120	1,134	8,897	30,964	1,442,382
Accumulated depreciation	(380,553)	(216,296)	(993)	(2,450)	(23,732)	(624,024)
Net property and equipment	<u>551,714</u>	<u>252,824</u>	<u>141</u>	<u>6,447</u>	<u>7,232</u>	<u>818,358</u>
Operating Lease Right-of-Use Assets	109,460	31,338	3,045	—	696	144,539
Investments, at Equity, and Advances to 50% or Less Owned Companies	78,049	55,092	1,274	22,693	—	157,108
Inventories	2,233	2,510	266	246	—	5,255
Goodwill	1,852	2,343	28,506	—	—	32,701
Intangible Assets	7,637	7,497	5,862	—	—	20,996
Other current and long-term assets, excluding cash and near cash assets ⁽¹⁾	<u>54,842</u>	<u>71,043</u>	<u>108,373</u>	<u>4,760</u>	<u>8,617</u>	<u>247,635</u>
Segment Assets	<u>805,787</u>	<u>422,647</u>	<u>147,467</u>	<u>34,146</u>		
Cash and near cash assets ⁽¹⁾						<u>86,380</u>
Total Assets						<u>1,512,972</u>

(1) Cash and near cash assets includes cash, cash equivalents, restricted cash, restricted cash equivalents and marketable securities

	Ocean Services \$'000	Inland Services \$'000	Witt O'Brien's \$'000	Other \$'000	Corporate and Eliminations \$'000	Total \$'000
For the year ended December 31, 2019						
Revenues from Contracts with Customers:						
Voyage charters	46,381	—	—	—	—	46,381
Contracts of affreightment	24,540	202,317	—	—	—	226,857
Tariff	79,757	—	—	—	—	79,757
Unit freight	63,420	—	—	—	—	63,420
Terminal operations	—	16,562	—	—	—	16,562
Fleeting operations	—	17,264	—	—	—	17,264
Logistics services	—	15,155	—	—	—	15,155
Time and material contracts	—	—	87,167	—	—	87,167
Retainer contracts	—	—	9,874	—	—	9,874
Product sales ⁽¹⁾	—	—	—	5,555	—	5,555
Other	3,844	5,134	4,742	1,144	(120)	14,744
Lease Revenues:						
Time charter, bareboat charter and rental income	205,346	10,902	—	982	—	217,230
	<u>423,288</u>	<u>267,334</u>	<u>101,783</u>	<u>7,681</u>	<u>(120)</u>	<u>799,966</u>

(1) Costs of goods sold related to product sales was \$4.5 million.

	Ocean Services \$'000	Inland Services \$'000	Witt O'Brien's \$'000	Other \$'000	Corporate and Eliminations \$'000	Total \$'000
For the year ended December 31, 2018						
Operating Revenues:						
External customers	414,844	285,688	131,629	3,589	—	835,750
Intersegment	—	—	80	—	(80)	—
	<u>414,844</u>	<u>285,688</u>	<u>131,709</u>	<u>3,589</u>	<u>(80)</u>	<u>835,750</u>
Costs and Expenses:						
Operating	269,294	237,010	83,203	2,455	(114)	591,848
Administrative and general	40,179	13,139	24,772	1,841	22,976	102,907
Depreciation and amortization	46,270	24,164	1,944	501	1,700	74,579
	<u>355,743</u>	<u>274,313</u>	<u>109,919</u>	<u>4,797</u>	<u>24,562</u>	<u>769,334</u>
Gains on Asset Dispositions	12,887	6,659	—	37	—	19,583
Operating Income (Loss)	<u>71,988</u>	<u>18,034</u>	<u>21,790</u>	<u>(1,171)</u>	<u>(24,642)</u>	<u>85,999</u>
Other Income (Expense):						
Foreign currency losses, net	(168)	(2,002)	(28)	(3)	(63)	(2,264)
Other, net	570	51	—	54,249	94	54,964
Equity in Earnings (Losses) of 50% or Less Owned Companies, Net of Tax	3,632	(5,686)	203	1,779	—	(72)
Segment Profit	<u>76,022</u>	<u>10,397</u>	<u>21,965</u>	<u>54,854</u>		
Other Income (Expense) not included in Segment Profit						(47,010)
Plus Equity in Losses included in Segment Profit						72
Income Before Taxes and Equity in Losses						<u>91,689</u>
Capital Expenditures	<u>39,207</u>	<u>8,298</u>	<u>—</u>	<u>2,639</u>	<u>128</u>	<u>50,272</u>
As of December 31, 2018						
Property and Equipment:						
Historical cost	930,230	438,848	1,227	6,892	30,132	1,407,329
Accumulated depreciation	(341,999)	(195,094)	(1,031)	(490)	(22,205)	(560,819)
Net property and equipment	<u>588,231</u>	<u>243,754</u>	<u>196</u>	<u>6,402</u>	<u>7,927</u>	<u>846,510</u>
Investments, at Equity, and Advances to 50% or Less Owned Companies	73,939	57,899	471	24,577	—	156,886
Inventories	2,196	1,997	179	158	—	4,530
Goodwill	1,852	2,350	28,506	—	—	32,708
Intangible Assets	8,965	8,991	6,595	—	—	24,551
Other current and long-term assets, excluding cash and near cash assets ⁽¹⁾	<u>48,770</u>	<u>78,903</u>	<u>81,410</u>	<u>2,142</u>	<u>13,178</u>	<u>224,403</u>
Segment Assets	<u>723,953</u>	<u>393,894</u>	<u>117,357</u>	<u>33,279</u>		
Cash and near cash assets ⁽¹⁾						181,436
Total Assets						<u>1,471,024</u>

(1) Cash and near cash assets includes cash, cash equivalents, restricted cash, restricted cash equivalents, marketable securities and construction reserve funds.

	Ocean Services \$'000	Inland Services \$'000	Witt O'Brien's \$'000	Other \$'000	Corporate and Eliminations \$'000	Total \$'000
For the year ended December 31, 2018						
Revenues from Contracts with Customers:						
Voyage charters	73,979	—	—	—	—	73,979
Contracts of affreightment	11,872	219,375	—	—	—	231,247
Tariff	74,157	—	—	—	—	74,157
Unit freight	58,326	—	—	—	—	58,326
Terminal operations	—	21,501	—	—	—	21,501
Fleeting operations	—	17,888	—	—	—	17,888
Logistics services	—	14,309	—	—	—	14,309
Time and material contracts	—	—	119,196	—	—	119,196
Retainer contracts	—	—	10,124	—	—	10,124
Product sales ⁽¹⁾	—	—	—	2,686	—	2,686
Other	3,268	5,223	2,389	425	(80)	11,225
Lease Revenues:						
Time charter, bareboat charter and rental income	193,242	7,392	—	478	—	201,112
	<u>414,844</u>	<u>285,688</u>	<u>131,709</u>	<u>3,589</u>	<u>(80)</u>	<u>835,750</u>

(1) Costs of goods sold related to product sales was \$2.1 million.

	Ocean Services \$'000	Inland Services \$'000	Witt O'Brien's \$'000	Other \$'000	Corporate and Eliminations \$'000	Total \$'000
		<i>As Adjusted</i>				<i>As Adjusted</i>
For the year ended December 31, 2017						
Operating Revenues:						
External customers	352,876	248,452	49,055	464	—	650,847
Intersegment	—	—	101	—	(101)	—
	<u>352,876</u>	<u>248,452</u>	<u>49,156</u>	<u>464</u>	<u>(101)</u>	<u>650,847</u>
Costs and Expenses:						
Operating	195,285	206,836	32,017	—	(301)	433,837
Administrative and general	36,548	16,558	13,438	831	35,731	103,106
Depreciation and amortization	46,073	25,852	819	—	2,314	75,058
	<u>277,906</u>	<u>249,246</u>	<u>46,274</u>	<u>831</u>	<u>37,744</u>	<u>612,001</u>
Gains (Losses) on Asset Dispositions and Impairments, Net	(323)	11,960	—	—	—	11,637
Operating Income (Loss)	<u>74,647</u>	<u>11,166</u>	<u>2,882</u>	<u>(367)</u>	<u>(37,845)</u>	<u>50,483</u>
Other Income (Expense):						
Derivative gains, net	—	—	—	—	19,727	19,727
Foreign currency gains (losses), net	(130)	272	50	6	125	323
Other, net	327	—	—	(301)	230	256
Equity in Earnings (Losses) of 50% or Less Owned Companies, Net of Tax	7,664	(5,191)	174	305	—	2,952
Segment Profit (Loss)	<u>82,508</u>	<u>6,247</u>	<u>3,106</u>	<u>(357)</u>		
Other Income (Expense) not included in Segment Profit						(35,584)
Less Equity in Earnings included in Segment Profit						(2,952)
Income Before Taxes and Equity in Earnings						<u>35,205</u>
Capital Expenditures	<u>80,006</u>	<u>34,322</u>	<u>60</u>	<u>—</u>	<u>207</u>	<u>114,595</u>
As of December 31, 2017						
Property and Equipment:						
Historical cost	901,076	448,035	1,227	—	30,131	1,380,469
Accumulated depreciation	(299,528)	(181,573)	(938)	—	(20,505)	(502,544)
Net property and equipment	<u>601,548</u>	<u>266,462</u>	<u>289</u>	<u>—</u>	<u>9,626</u>	<u>877,925</u>
Investments, at Equity, and Advances to 50% or Less Owned Companies	52,003	66,479	777	54,182	—	173,441
Inventories	2,352	1,934	91	—	—	4,377
Goodwill	1,852	2,403	28,506	—	—	32,761
Intangible Assets	10,293	10,486	7,327	—	—	28,106
Other current and long-term assets, excluding cash and near cash assets ⁽¹⁾	49,498	71,500	28,398	1,391	9,611	160,398
Segment Assets	<u>717,546</u>	<u>419,264</u>	<u>65,388</u>	<u>55,573</u>		
Cash and near cash assets ⁽¹⁾						336,328
Total Assets						<u>1,613,336</u>

(1) Cash and near cash assets includes cash, cash equivalents, restricted cash, restricted cash equivalents, marketable securities and construction reserve funds.

	Ocean Services \$'000	Inland Services \$'000	Witt O'Brien's \$'000	Other \$'000	Corporate and Eliminations \$'000	Total \$'000
		<i>As Adjusted</i>				<i>As Adjusted</i>
For the year ended December 31, 2017						
Revenues from Contracts with Customers:						
Voyage charters	33,623	—	—	—	—	33,623
Contracts of affreightment	15,181	189,080	—	—	—	204,261
Tariff	68,266	—	—	—	—	68,266
Unit freight	50,693	—	—	—	—	50,693
Terminal operations	—	21,488	—	—	—	21,488
Fleeting operations	—	15,561	—	—	—	15,561
Logistics services	—	8,868	—	—	—	8,868
Time and material contracts	—	—	33,352	—	—	33,352
Retainer contracts	—	—	10,192	—	—	10,192
Other	1,879	5,163	5,612	464	(101)	13,017
Lease Revenues:						
Time charter, bareboat charter and rental income	183,234	8,292	—	—	—	191,526
	<u>352,876</u>	<u>248,452</u>	<u>49,156</u>	<u>464</u>	<u>(101)</u>	<u>650,847</u>

19. DISCONTINUED OPERATIONS

The Company's discontinued operations consist of SEACOR Marine and ICP, as following the Spin-off and sale, respectively, the Company has no continuing involvement in either of these businesses (see Note 1). Summarized selected operating results of the Company's discontinued operations for the years ended December 31, were as follows (in thousands):

	2017
SEACOR Marine	
Operating Revenues	\$ 62,291
Costs and Expenses:	
Operating	65,888
Administrative and general	29,682
Depreciation and amortization	22,181
	<u>117,751</u>
Gains on Asset Dispositions, Net	4,219
Operating Loss	(51,241)
Other Income, Net	1,780
Income Tax Benefit	(12,931)
Equity in Earnings of 50% or Less Owned Companies, Net of Tax	1,663
Net Loss	<u>\$ (34,867)</u>
Net Loss Attributable to Noncontrolling Interests	<u>\$ (1,892)</u>
ICP	
Operating Revenues	\$ 78,061
Costs and Expenses:	
Operating	76,306
Administrative and general	2,140
Depreciation and amortization	2,354
	<u>80,800</u>
Operating Loss	(2,739)
Other Income, Net (including gain on sale of business)	20,557
Income Tax Expense	7,818
Net Income	<u>\$ 10,000</u>
Net Loss Attributable to Noncontrolling Interests	<u>\$ (539)</u>
Eliminations	
Operating Revenues	\$ (1,176)
Costs and Expenses:	
Operating	(1,289)
Administrative and general	(42)
	<u>(1,331)</u>
Operating Income	155
Other Income, Net	1,738
Income Tax Expense	663
Net Income	<u>\$ 1,230</u>
Loss from Discontinued Operations, Net of Tax	<u>\$ (23,637)</u>

20. SUPPLEMENTAL INFORMATION FOR STATEMENTS OF CASH FLOWS

Supplemental information for the years ended December 31, was as follows (in thousands):

	2019	2018	2017
Income taxes paid	\$ 7,708	\$ 27,465	\$ 6,152
Income taxes refunded	11,156	299	14,347
Interest paid, excluding capitalized interest	12,903	26,880	32,341
Schedule of Non-Cash Investing and Financing Activities:			
Right-of-use assets obtained in exchange for operating lease liabilities	179,944	—	—
Net issuance of conversion option on exchange of convertible debt	—	16,120	—
Distribution of Dorian shares to shareholders	—	—	31,379
Reclassification of deferred gains to property and equipment	—	3,052	5,954
Equipment received as a dividend from 50% or less owned companies	589	—	—

21. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

Selected financial information for interim quarterly periods is presented below (in thousands, except share data). Earnings per common share of SEACOR Holdings Inc. are computed independently for each of the quarters presented and the sum of the quarterly earnings per share may not necessarily equal the total for the year.

	Three Months Ended			
	Dec. 31,	Sept. 30,	June 30,	March 31,
2019				
Operating Revenues	\$ 192,761	\$ 200,658	\$ 197,023	\$ 209,524
Operating Income	2,562	12,519	11,106	18,968
Net Income (Loss)	(1,912)	5,861	17,001	13,068
Net Income (Loss) attributable to SEACOR Holdings Inc.	(1,917)	6,405	14,553	7,733
Basic Earnings (Loss) Per Common Share of SEACOR Holdings Inc.	\$ (0.10)	\$ 0.33	\$ 0.80	\$ 0.42
Diluted Earnings (Loss) Per Common Share of SEACOR Holdings Inc.	\$ (0.10)	\$ 0.32	\$ 0.76	\$ 0.41
2018				
Operating Revenues	\$ 213,838	\$ 220,257	\$ 216,831	\$ 184,824
Operating Income	25,250	34,047	12,014	14,688
Net Income	4,434	27,203	46,007	5,558
Net Income (Loss) attributable to SEACOR Holdings Inc.	(4,686)	17,067	45,126	641
Basic Earnings (Loss) Per Common Share of SEACOR Holdings Inc.	\$ (0.26)	\$ 0.94	\$ 2.50	\$ 0.04
Diluted Earnings (Loss) Per Common Share of SEACOR Holdings Inc.	\$ (0.26)	\$ 0.88	\$ 2.14	\$ 0.04

SEACOR HOLDINGS INC.
SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS
For the Years Ended December 31, 2019, 2018 and 2017
(in thousands)

Description	Balance Beginning of Year	Charges (Credits) to Cost and Expenses	Deductions ⁽¹⁾	Balance End of Year
Year Ended December 31, 2019				
Allowance for doubtful accounts (deducted from trade and notes receivable)	\$ 3,481	\$ 2,021	\$ (2,631)	\$ 2,871
Year Ended December 31, 2018				
Allowance for doubtful accounts (deducted from trade and notes receivable)	\$ 2,390	\$ 2,067	\$ (976)	\$ 3,481
Year Ended December 31, 2017				
Allowance for doubtful accounts (deducted from trade and notes receivable)	\$ 2,989	\$ (175)	\$ (424)	\$ 2,390

(1) Trade receivable amounts deemed uncollectible that were removed from accounts receivable and allowance for doubtful accounts.

ITEM 15. FINANCIAL STATEMENT SCHEDULES, EXHIBITS

(a) Documents filed as part of this report:

1., 2. and audited financial statements for Trailer Bridge, Inc. as of and for three years in the period ended December 31, 2019. *Financial Statements and Financial Statement Schedules* – See Index to Consolidated Financial Statements and Financial Statement Schedule of this Form 10-K.

3. Exhibits

Exhibit Number	Description
3.1*	Restated Certificate of Incorporation of SEACOR Holdings, Inc. (incorporated herein by reference to Exhibit 3.1 (a) of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 1997 and filed with the Commission on May 15, 1997 (File No. 001-12289)).
3.2*	Certificate of Amendment to the Restated Certificate of Incorporation of SEACOR Holdings, Inc. (incorporated herein by reference to Exhibit 3.1(b) of the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 1997 and filed with the Commission on May 15, 1997 (File No. 001-12289)).
3.3*	Certificate of Amendment to the Restated Certificate of Incorporation of SEACOR Holdings Inc. (incorporated herein by reference to Exhibit 4.4 of the Company's Registration Statement on Form S-8 (No. 333-126613) filed with the Commission on July 15, 2005).
3.4*	Fifth Amended and Restated Bylaws of SEACOR Holdings Inc. (incorporated herein by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed with the Commission on June 28, 2013 (File No. 001-12289)).
4.1*	Form of Indenture dated as of January 10, 2001, among SEACOR SMIT Inc. and U.S. Bank, National Association, as trustee (incorporated herein by reference to Exhibit 4.3 to Amendment No. 1 of the Company's Registration Statement on Form S-3/a (No. 333-53326) filed with the Commission on January 18, 2001).
4.2*	Indenture dated as of December 11, 2012, between SEACOR Holdings Inc. and Wells Fargo Bank, National Association, as trustee (including therein Form of 2.5% Convertible Senior Notes) (incorporated herein by reference to Exhibit 4.5 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2012 originally filed with the Commission on February 28, 2013 and as amended and filed with the Commission on May 6, 2013 (File No. 001-12289)).
4.3*	Supplemental Indenture, dated as of December 17, 2017, between SEACOR Holdings Inc. and Wells Fargo Bank, National Association, as Trustee to the Indenture dated December 11, 2012, between SEACOR Holdings Inc. and Wells Fargo Bank, National Association, as Trustee (incorporated herein by reference to Exhibit 4.2. of the Company's Current Report on Form 8-K filed with the Commission on December 13, 2017 (File No. 001-12289)).
4.4*	Indenture dated as of November 13, 2013, between SEACOR Holdings Inc. and Wells Fargo Bank, National Association, as trustee (including therein Form of 3.00% Convertible Senior Notes) (incorporated herein by reference to Exhibit 4.3 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 filed with the Commission on March 3, 2014 (File No. 001-12289)).
4.5*	Indenture dated as of May 15, 2018, between SEACOR Holdings Inc. and Wells Fargo Bank, National Association, as trustee (including therein Form of 3.25% Convertible Senior Notes) (incorporated herein by reference to Exhibit 4.1 of the Company's Current Report of For 8-K filed with the Commission on May 16, 2018 (File No. 001-12289)).
4.6**	SEACOR Holdings Inc. description of securities registered pursuant to section 12 of the Securities Exchange Act of 1934.
10.1*+	SEACOR Nonqualified Deferred Compensation Plan, dated as of October 15, 2005 (incorporated herein by reference to Exhibit 99.1 of the Company's Current Report on Form 8-K filed with the Commission on October 28, 2005 (File No. 001-12289)).
10.2*+	SEACOR Holdings Inc. 2007 Share Incentive Plan (incorporated herein by reference to Annex A of the Company's Proxy Statement on DEF 14-A filed with the Commission on April 13, 2007 (File No. 001-12289)).
10.3*+	Form of Non-Employee Director Annual Share Incentive Grant Agreement (incorporated herein by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Commission on May 8, 2008 (File No. 001-12289)).
10.4*+	Form of Stock Option Grant Agreement for Officers and Key Employees Pursuant to the SEACOR Holdings Inc. 2007 Share Incentive Plan (incorporated herein by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed with the Commission on May 8, 2008 (File No. 001-12289)).
10.5*+	SEACOR Holdings Inc. 2009 Employee Stock Purchase Plan effective March 11, 2009 (as amended through June 5, 2018) (incorporated herein by reference to Appendix A of the Company's Proxy Statement on DEF 14-A filed with the Commission on April 16, 2018 (File No. 001-12289)).

Exhibit Number	Description
10.6*+	SEACOR Holdings Inc. 2007 Share Incentive Plan (as amended through March 11, 2009) (incorporated herein by reference to Appendix B of the Company's Proxy Statement on DEF 14-A filed with the Commission on April 7, 2009 (File No. 001-12289)).
10.8*+	SEACOR Holdings Inc. 2007 Share Incentive Plan (as amended through April 23, 2012) (incorporated herein by reference to Appendix A of the Company's Proxy Statement on DEF 14-A filed with the Commission on April 30, 2012 (File No. 001-12289)).
10.9*+	Form of Stock Option Grant Agreement for Officers and Key Employees Pursuant to the SEACOR Holdings Inc. Amended 2007 Share Incentive Plan (incorporated herein by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Commission on March 6, 2013 (File No. 001-12289)).
10.10*	Form of Indemnification Agreement for Directors and Executive Officers (incorporated herein by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Commission on July 10, 2013 (File No. 001-12289)).
10.11*+	SEACOR Holdings Inc. Management Incentive Plan (incorporated herein by reference to Appendix A of the Company's Proxy Statement on DEF 14-A filed with the Commission on April 10, 2014 (File No. 001-12289)).
10.12*+	SEACOR Holdings Inc. 2014 Share Incentive Plan (incorporated herein by reference to Appendix B of the Company's Proxy Statement on DEF 14-A filed with the Commission on April 10, 2014 (File No. 001-12289)).
10.13*+	Form of Restricted Stock Grant Agreement (incorporated herein by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the Commission on May 23, 2014 (File No. 001-12289)).
10.14*+	Form of Stock Option Grant Agreement (incorporated herein by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed with the Commission on May 23, 2014 (File No. 001-12289)).
10.15*+	Form of Non-Employee Director Annual Share Incentive Grant Agreement (incorporated herein by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K filed with the Commission on May 23, 2014 (File No. 001-12289)).
10.16*	Credit Agreement dated as of March 19, 2019 among SEACOR Holdings Inc., as Borrower, the Lenders from time to time parties thereto, JPMorgan Chase Bank, N.A., as Administrative Agent and Security Trustee for the Lenders, and JPMorgan Chase Bank, N.A., as issuing bank of the Letters of Credit thereunder (incorporated herein by reference to Exhibit 10.1 of the Company's Quarterly Report of Form 10-Q for the quarterly period ended March 31, 2019 filed with the Commission on April 25, 2019 (File No. 001-12289)).
10.17*	Guaranty and Collateral Agreement, dated as of March 19, 2019 among SEACOR Holdings Inc. and the other Grantors from time to time party thereto, in favor of JPMorgan Chase Bank, N.A., as Security Trustee for the Secured Parties (incorporated herein by reference to Exhibit 10.2 of the Company's Quarterly Report of Form 10-Q for the quarterly period ended March 31, 2019 filed with the Commission on April 25, 2019 (File No. 001-12289)).
10.18*	Fleet Mortgage, dated as of March 19, 2019 provided by SCF Barge Line LLC, as Collateral Vessel Owner, in favor of JPMorgan Chase Bank, N.A., as Security Trustee and as Mortgagee (incorporated herein by reference to Exhibit 10.3 of the Company's Quarterly Report of Form 10-Q for the quarterly period ended March 31, 2019 filed with the Commission on April 25, 2019 (File No. 001-12289)).
10.19*	Purchase and Sale Agreement, dated as of August 2, 2019 among SEACOR Holdings Inc., as Parent, SEACOR Tankers II LLC, as Buyer, and ACP III Tankers, LLC, as Seller (incorporated herein by reference to Exhibit 10.1 of the Company's Quarterly Report of Form 10-Q for the quarterly period ended September 30, 2019 filed with the Commission on October 29, 2019 (File No. 001-12289)).
10.20*	Registration Rights Agreement, dated as of August 2, 2019 among SEACOR Holdings Inc. and ACP III Tankers, LLC (incorporated herein by reference to Exhibit 10.2 of the Company's Quarterly Report of Form 10-Q for the quarterly period ended September 30, 2019 filed with the Commission on October 29, 2019 (File No. 001-12289)).
10.21*	Lock-Up Agreement, dated as of August 2, 2019 among SEACOR Holdings Inc., and ACP III Tankers, LLC, as Seller (incorporated herein by reference to Exhibit 10.3 of the Company's Quarterly Report of Form 10-Q for the quarterly period ended September 30, 2019 filed with the Commission on October 29, 2019 (File No. 001-12289)).
10.22**	Amended and Restated Credit Agreement dated as of December 20, 2019 among SEA-VISTA I LLC, as Borrower, the Lenders from time to time parties thereto, JPMorgan Chase Bank, N.A., as Swingline Lender, JPMorgan Chase Bank, N.A., as Administrative Agent and Security Trustee for the Lenders and JPMorgan Chase Bank, N.A., as issuing bank of the Letters of Credit.
21.1	List of Registrant's Subsidiaries.
23.1	Consent of Independent Registered Certified Public Accounting Firm.

Exhibit Number	Description
23.2	Consent of Independent Registered Certified Public Accounting Firm.
31.1	Certification by the Principal Executive Officer Pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
31.2	Certification by the Principal Financial Officer Pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
32.1	Certification by the Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by the Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following financial statements from the Company's Annual Report on Form 10-K for the year ended December 31, 2019, formatted in Inline XBRL: (i) Consolidated Statements of Cash Flows, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Balance Sheets, and (v) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags.
104	The cover page from the Company's Annual Report on Form 10-K for the year ended December 31, 2019, formatted in Inline XBRL (included as Exhibit 101).

* Incorporated herein by reference as indicated.

** Filed herewith.

+ Management contracts or compensatory plans or arrangements required to be filed as an Exhibit pursuant to Item 15 (b) of the rules governing the preparation of this Annual Report on Form 10-K.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the registrant has duly caused this annual report on Form 10-K for the fiscal year ended December 31, 2019, to be signed on its behalf by the undersigned, and in the capacities indicated, thereunto duly authorized.

SEACOR Holdings Inc. (Registrant)

By: /s/ BRUCE WEINS
Bruce Weins, *Senior Vice President*
and Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: February 28, 2020



Board of Directors

CHARLES FABRIKANT
Executive Chairman of the Board

OIVIND LORENTZEN
Vice Chairman of the Board

DAVID R. BERZ¹
Retired Partner
Weil, Gotshal & Manges LLP

GAIL HARRIS
*Independent Board Director
and Private Investor*

CHRISTOPHER P. PAPOURAS
Investment Manager

DAVID M. SCHIZER
*Dean Emeritus and The Harvey R. Miller
Professor of Law and Economics*
Columbia Law School

Senior Management

CORPORATE

CHARLES FABRIKANT*
*Executive Chairman
and Chief Executive Officer*

ERIC FABRIKANT*
Chief Operating Officer

WILLIAM C. LONG*
*Executive Vice President
Chief Legal Officer
and Corporate Secretary*

LISA MANEKIN
Treasurer

SCOTT WEBER
*Senior Vice President
Corporate Development and Finance*

BRUCE WEINS*
*Senior Vice President
and Chief Financial Officer*

OCEAN TRANSPORTATION & LOGISTICS SERVICES

DANIEL J. THOROGOOD
President and Chief Executive Officer
SEACOR Ocean Transport Inc.

INLAND TRANSPORTATION & LOGISTICS SERVICES

TIMOTHY POWER
President and Chief Executive Officer
SCF Marine Inc.

WITT O'BRIEN'S

TIM WHIPPLE
Chief Executive Officer
Witt O'Brien's, LLC

* Executive Officer
1 Lead Director

Shareholder Information

PRINCIPAL EXECUTIVE OFFICE

SEACOR Holdings Inc.
2200 Eller Drive
P.O. Box 13038
Fort Lauderdale, Florida 33316
www.seacorholdings.com

MARKET INFORMATION

The Company's stock trades on the NYSE
under the ticker symbol CKH.

TRANSFER AGENT AND REGISTRAR

American Stock Transfer & Trust Company LLC
6201 15th Avenue
Brooklyn, New York 11219
www.astfinancial.com

INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM

Grant Thornton LLP
1301 International Parkway
Suite 1300
Fort Lauderdale, Florida 33323
www.grantthornton.com

ADDITIONAL INFORMATION

SEACOR's Annual Report on Form 10-K
and other Company SEC filings can be
accessed on the SEACOR Holdings Inc.
website, www.seacorholdings.com,
in the "Investors" section.

©2020 SEACOR Holdings Inc.



SEACOR Holdings Inc.

2200 Eller Drive
P.O. Box 13038
Fort Lauderdale, FL 33316

T: +1 954 523 2200
F: +1 954 524 9185