FINANCIAL HIGHLIGHTS (U.S. dollars, in thousands, except per share amounts and ratios)

	For the years ended December 31,				
	2010	2009	2008	2007	2006
Operating Revenues	$ 2,649,368	$ 1,711,338	$ 1,655,956	$ 1,359,230	$ 1,323,445
Gains on Asset Dispositions and Impairments, Net	45,238	27,675	89,153	122,572	77,977
Operating Income	408,371	231,827	342,689	347,775	360,748
Net Income Attributable to SEACOR Holdings Inc.	244,724	143,810	218,543	236,819	229,862
Diluted Earnings Per Common Share of SEACOR Holdings Inc.	11.25	6.57	9.25	9.04	8.44
Return on Equity [1]	12.5%	8.8%	13.3%	15.0%	16.5%

	December 31,				
	2010	2009	2008	2007	2006
Total Assets	$ 3,760,389	$ 3,723,619	$ 3,459,654	$ 3,566,445	$ 3,251,117
Net Property and Equipment	1,968,722	2,078,748	2,139,516	1,943,152	1,770,210
Cash and Near Cash Assets [2]	853,973	857,807	655,803	1,001,721	925,725
Total Debt [3]	718,568	792,730	937,952	915,094	932,462
SEACOR Holdings Inc. Stockholders' Equity	1,787,237	1,957,262	1,630,150	1,641,940	1,582,028
Total Book Value Per Common Share of SEACOR Holdings Inc. [4]	83.52	86.56	81.44	72.73	64.52
Total Debt to Total Capital [5]	28.6%	28.7%	36.4%	35.7%	37.0%

RECONCILIATIONS OF CERTAIN NON-U.S. GAAP FINANCIAL MEASURES (U.S. dollars, in thousands)

	For the years ended December 31,				
	2010	2009	2008	2007	2006
Operating Income	$ 408,371	$ 231,827	$ 342,689	$ 347,775	$ 360,748
Depreciation and Amortization	163,490	160,092	156,426	154,307	166,714
OIBDA [6]	$ 571,861	$ 391,919	$ 499,115	$ 502,082	$ 527,462
Other Income (Expense)	(34,892)	(16,813)	(24,763)	(3,953)	(22,014)
Current Income Tax Expense	(151,045)	(19,487)	(74,521)	(13,599)	(24,531)
Equity in Earnings of 50% or Less Owned Companies, Net of Tax	13,179	12,581	12,069	22,065	14,812
Net Income Attributable to Noncontrolling Interests in Subsidiaries	(1,260)	(1,293)	(880)	(1,227)	(1,005)
Cash Earned [7]	$ 397,843	$ 366,907	$ 411,020	$ 505,368	$ 494,724

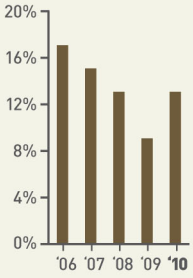
	For the years ended December 31,				
	2010	2009	2008	2007	2006
Net Income Attributable to SEACOR Holdings Inc.	$ 244,724	$ 143,810	$ 218,543	$ 236,819	$ 229,862
Income Tax Expense	140,674	82,492	110,572	127,841	122,679
Pre-Tax Income [8]	$ 385,398	$ 226,302	$ 329,115	$ 364,660	$ 352,541

[1] Return on equity is calculated as net income attributable to SEACOR Holdings Inc. divided by SEACOR Holdings Inc. stockholders' equity at the beginning of the year.
[2] Cash and near cash assets include cash, cash equivalents, restricted cash, marketable securities, construction reserve funds, and Title XI reserve funds.
[3] Total debt includes current and long-term portions of debt and capital lease obligations.
[4] 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.
[5] Total debt to total capital is calculated as total debt 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.
[6] Operating income before depreciation and amortization ("OIBDA") is a non-U.S. GAAP financial measure and calculated as operating income plus depreciation and amortization.
[7] Cash earned is a non-U.S. GAAP financial measure and calculated as operating income plus depreciation and amortization plus other income (expense) less current income tax expense plus equity earnings less earnings of noncontrolling interests in subsidiaries. Last year's metric has been reformulated to account for current income tax expense in replacement of actual cash taxes paid.
[8] Pre-tax income is a non-U.S. GAAP financial measure and calculated as net income attributable to SEACOR Holdings Inc. plus income tax expense.

OPERATING REVENUE
(Millions)

NET INCOME
(Millions)

RETURN ON EQUITY



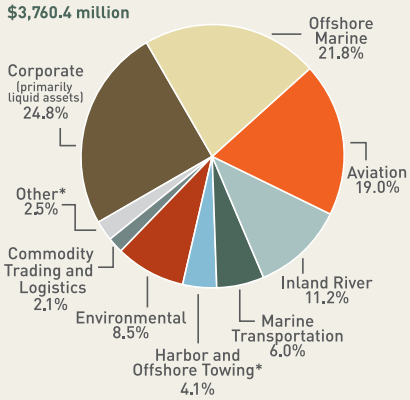
BOOK VALUE PER SHARE

Certain statements discussed in this Annual Report 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, which is included in this Annual Report, for a discussion of risk factors that could cause actual results to differ materially.

LETTER TO STOCKHOLDERS

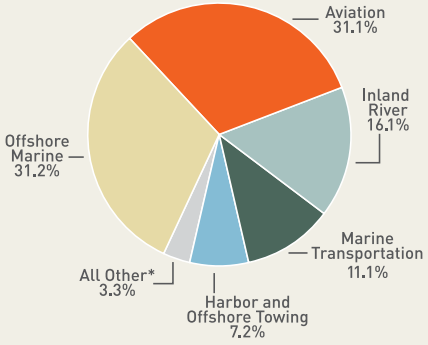
APRIL 8, 2011

CHART I
TOTAL ASSETS
December 31, 2010
$3,760.4 million



*In our SEC filings, Harbor Towing and Offshore Towing Services is combined with Other.

CHART II
NET PROPERTY AND EQUIPMENT
December 31, 2010
$1,968.7 million



*All Other includes Environmental Services, Commodity Trading and Logistics, and Other (excluding Harbor and Offshore Towing Services) all of which are typically non-asset intensive businesses and Corporate.

Dear Fellow Stockholder,

The defining event for 2010 was the unfortunate tragedy of a well blowout giving rise to deaths and an environmental calamity. It would be crass not to feel ambivalent about earning money from a disaster, or another company's misfortune. Nevertheless, responding to oil spills and emergencies is a service provided by our environmental group; it is retained to show up in circumstances such as Macondo.

The contribution from response activities to the results of our offshore marine group in the second and third quarters produced better earnings than I would have expected. Unfortunately, the aftermath of the response decimated fourth quarter results and is rippling through 2011. It is impossible to know what *might* have been, but based on forecasts at the outset of 2010, predicting an upturn in activity as the year progressed, I believe the fourth quarter would have delivered much better results for our offshore marine and aviation groups had the spill not shut down drilling in the Gulf of Mexico.

2010 RESULTS

For the year, SEACOR earned $244.7 million, or $11.25 per diluted share, both record numbers. We earned $385.4 million pre-tax.[1] These results produced a 12.5 percent return (19.7 percent pre-tax) on beginning stockholders' equity of $1,957.3 million. Stockholders' equity at year-end was $1,787.2 million, or $83.52 per share, after paying stockholders a $15 per share dividend.

During the year, we repurchased 1,811,700 shares for $137.1 million at an average price of $75.66. As of December 31, 2010, SEACOR had 21,399,508 common shares outstanding.

We spent $250.6 million on equipment, and disposed of assets for $361.7 million, recognizing $42.7 million in gains and deferring $77.9 million in gains.[2] At year-end we had $854.0 million in liquid assets,[3] even after distributing $319.7 million as a special dividend, and $1,968.7 million in net property and equipment.

Two pie charts on this page break out the distribution of our assets.

[1] The pre-tax computation is a non-U.S. GAAP financial measure and calculated as net income plus income tax expense. For 2010 we accrued $140.7 million in income tax expense pursuant to U.S. GAAP; of this sum a benefit of $10.4 million was deferred and $151.1 million was payable currently. Our net deferred tax liabilities decreased by $9.6 million to $562.4 million at year-end. Of the $562.4 million in deferred tax, $42.7 million relates to accumulated income earned from foreign operations not yet repatriated to the United States. For a more detailed discussion of our tax policies and expense, see Notes 1 and 7 to our Consolidated Financial Statements in our 2010 Annual Report on Form 10-K on pages 110 and 126 to 128. SEACOR provides for taxes on its foreign earnings, even though we do not have present plans to repatriate this money.

[2] The total gains recognized for the year were $45.2 million, reflecting the $42.7 million gains associated with 2010 asset sales, $21.5 million in previously deferred gains, and reduced by impairment charges of $19.0 million.

[3] For details on the computation of liquid assets, see cash and near cash assets on the Financial Highlights page. Of the $854.0 million in liquid assets, $726.0 was "domestic," of which $314.3 million was in construction reserve funds, money held for reinvestment in U.S. marine equipment. The balance is available for working capital, investment in the U.S., share repurchases, or dividends. $128 million is "offshore" and available for investment in businesses or assets outside of the United States.

AHTS *SEACOR Davis* offshore near Fourchon, Louisiana.

One of my objectives in this letter is to provide a useful prism for refracting performance of businesses such as ours. Different ratios provide multidimensional perspectives. Not all of these ratios use standard measures under U.S. generally accepted accounting principles ("U.S. GAAP"). In order to reconcile our analysis to U.S. GAAP, it is necessary to present a lot of tables and computations. A kaleidoscope of numbers follows.

Although certain investments may be best gauged by internal rates of return, my preference is to focus on risk-adjusted return on equity. "Adjusted risk" is a term often used in discussions about investment results, but its definition is extremely subjective. In our cyclical asset businesses, leverage is the catalyst that most dramatically influences financial risk. In good times it is an intoxicating elixir; in bad times it is a deadly poison. This year's historical performance table (Appendix I) also includes columns showing our debt and net debt to capitalization.

In evaluating the year's activities, I like to determine the cash "earned." For this purpose, as explained last year, I mix a proprietary cocktail. The ingredients are operating income, adding back depreciation and amortization, profit (or loss) from investments and derivative activities (calculated after marking value to current market), equity earnings (or losses) from joint ventures, and subtracting net interest expense and actual tax owed for the current year.[4] This computes to $397.8 million, or $18.29 per diluted share.[5]

We have also refined the tables in Appendix II, which summarize results of our asset intensive business units. The first ratio adds back depreciation and amortization to segment profit,[6] and measures this as a return on average segment assets. The second ratio is the product of segment operating income before depreciation and amortization ("OIBDA") divided by average *gross* property and equipment. OIBDA as a percent of gross investment is not a precise proxy for returns relative to replacement cost, but this ratio provides a better approximation than returns relative to depreciated *net* property and equipment, which is how we record our equipment in segment assets.[7]

[4] For details, see the Financial Highlights page. Current tax owed for 2010 was $151.1 million. In last year's letter we looked at actual cash taxes paid in calculating cash earned, but on further study current tax owed is a better measure. Actual cash paid for tax may reflect loss forwards or credits that shelter current year's obligations.

[5] For details on the computation, see the Financial Highlights page.

[6] Segment profit, which is a U.S. GAAP term, includes earnings from operations, joint ventures, and profit (or loss) related to derivatives and currency transactions.

[7] No financial measurement is perfect and *gross* property and equipment has less meaning if the asset portfolio becomes stale. A collection of assets purchased ten years ago would probably show much better returns on original cost than modern equipment acquired in all likelihood at higher prices. A large impairment charge in one year will also inflate returns in subsequent years.

CHART III
OFFSHORE MARINE SERVICES VESSELS
December 31,

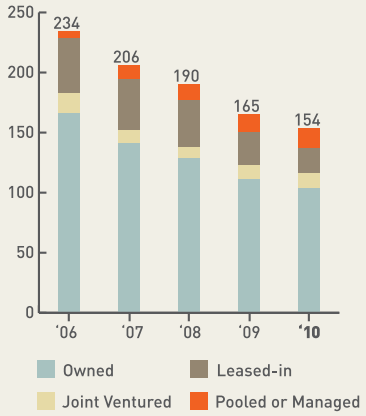
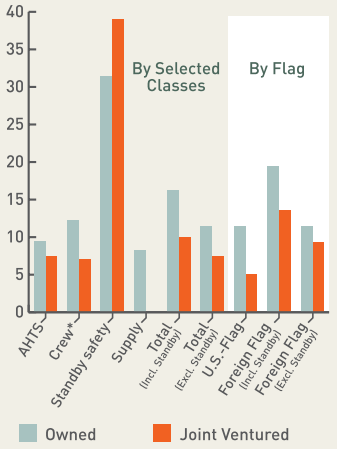


CHART IV
OFFSHORE MARINE SERVICES AVERAGE AGE PROFILE
December 31, 2010



*Crew classification is largely comprised of Fast Support Vessels ("FSVs").

This year's discussion of results also parses our gains from sales of equipment to differentiate the portion attributable to the current year's asset dispositions from gains deferred from prior years. (See Note 2, *supra*.) I hope this detail is useful and not information overload. (For those who look only at the big picture, skip the footnotes.)

OFFSHORE MARINE SERVICES ("OFFSHORE"): THE GOOD, THE BAD, AND THE UGLY

The Good: 2010 is over, and activity in the Gulf of Mexico has probably hit bottom.

The Bad: International markets are still weak.

The Ugly: More vessels are scheduled to be delivered in 2011.

In 2010 Offshore Marine Services produced $195.9 million of segment profit before depreciation and amortization, a 21.8 percent return on average segment assets of $899.8 million and an 18.4 percent OIBDA return on average *gross* property and equipment of $1,007.0 million.[8] During the year Offshore sold eight vessels (and incidental equipment) for $144.0 million, harvesting $24.0 million in gains and deferring $8.6 million.[9] We purchased one vessel.[10] At year-end Offshore had three vessels under construction.

The average age of Offshore's owned and joint ventured fleet at year-end, was 11.0 years, or 15.6 years including our standby safety fleet in the North Sea. The charts on this page provide the information by vessel category and flag.

We have 81 U.S.-flag and 73 foreign flag vessels in our fleet.[11] At year-end, a total of 24 of the U.S.-flag vessels were working outside the United States. It is ironic that a year ago this letter included a postscript expressing hope that the then recently announced position of the Government, supporting more acreage for offshore drilling, was not an April Fool's trick. It took only two months for the Administration to do an "about face," repudiating its presumably well-considered endorsement for opening up additional acreage, and imposing a ban on drilling in water depths of 500 feet or greater. Although the deepwater drilling moratorium was lifted in October 2010, as of mid-March only a handful of new permits have been issued. In the nine months since June 2010, a total of 44 drilling permits, five for deepwater sites, have been issued.[12] By way of comparison 140 drilling permits were issued during the first four months of 2010, and 111, 173, and 234 permits were issued for the calendar years in 2009, 2008, and 2007, respectively.[13]

The table below indicates what I believe to be the current status of the rig count in the Gulf of Mexico as of the middle of March.

	Number of Rigs	Idle
Floaters	34	24
Jack-ups	84	51

Although it is difficult to track precisely all vessel movements, approximately 60 have departed the Gulf since the Government imposed the moratorium on drilling in the Gulf of Mexico.[14] Our offshore group shifted three vessels out of the Gulf, although these mobilizations were actually planned prior to the moratorium. In response to the weak market, Offshore elected not to exercise its options to extend the term on six of its leased vessels.

[8] See Appendix II for details on the computation of segment profit before depreciation and amortization return on average segment assets and the operating income before depreciation and amortization return on average *gross* property and equipment.

[9] In addition, Offshore recognized $5.5 million related to gains previously deferred, reporting a total of $29.5 million in gains for the year.

[10] Since acquiring Seabulk in July of 2005, Offshore has disposed of 178 vessels for approximately $990 million, and built, acquired, and upgraded existing offshore vessels for approximately $620 million.

[11] At year-end, the net book value of our owned U.S.-flag vessels was $352.9 million, and the net book value of our owned foreign flag vessels was $204.1 million. This excludes vessels under construction.

[12] Information is according to the Bureau of Ocean Energy Management, Regulation and Enforcement, dated March 29, 2011.

[13] Boman, Karen. "GOM Permit Ban Halts Drilling Recovery." May 18, 2010. *http://www.rigzone.com*.

[14] Information is based on a survey provided by Offshore Marine Service Association as of mid-March 2011.

Less than one year after the moratorium on drilling in the Gulf of Mexico, civil unrest in the Middle East (and a weakening dollar) are conspiring to propel oil prices upward, once again breaching $100 per barrel. Perhaps this is "wishful thinking," but I believe that activity has bottomed in the Gulf of Mexico and it will increase as the year unfolds.

The drab state of business in the Gulf of Mexico was a useful distraction from the flaccid condition of the global market. During the year rates for foreign flag anchor handling towing supply ("AHTS") vessels, platform supply vessels ("PSVs"), and specialized units generally declined. According to Fearnley Offshore Supply, 227 vessels entered the fleet (175 AHTS vessels and 52 PSVs).[15] The same report estimates 173 AHTS vessels and another 116 PSVs will join the fleet this year. Assuming most of the vessels projected to be delivered do in fact enter service this year or next, the industry will have replaced the entire generation of vessels built prior to 1995 by the end of 2012.

Several years ago I launched a tradition of including in an appendix to this letter charts, prepared by one of the Norwegian brokers, depicting the global workboat fleet. In the last few years there has been more than normal slippage in deliveries of new vessels relative to the reported order book. This year Appendix IV provides a table that reconciles actual deliveries to original projections.

In past cycles, older equipment was often capable of performing support missions almost as well as newer vessels, the primary difference being size or horsepower. This time *is* different. Most of the older vessels are not equipped with up-to-date technology and are unacceptable for drilling support and jobs that demand precision and safety features such as redundant systems. A recently launched AHTS vessel or PSV, equipped with dynamic positioning systems, and sophisticated deck fittings and cargo gear, does not face serious competition from the pre-1996 generation of equipment. There are just too many new vessels for the moment.

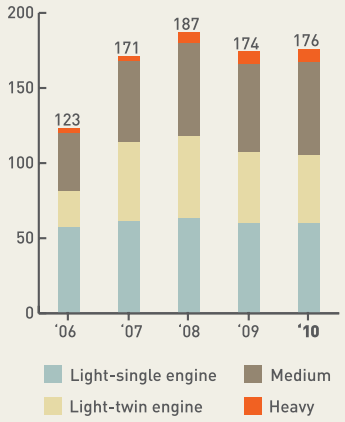
To date excess supply has not pummeled rates to marginal cash running costs, as experienced in previous down cycles. Owners have been willing to sacrifice utilization, rather than chase jobs and slash day rates for term work.

Depending on the particular class of vessel and timing of delivery, today's utilization adjusted rates for new equipment produce direct vessel profit (essentially cash generated by charters net of expenses but before depreciation and overhead) of 5-10 percent on dollars invested for the new equipment.[16] While this pales in comparison with the 14-20 percent returns during the boom days, it easily trumps a treasury bill, and may even cover an interest-only loan on 60-70 percent of the peak cost of new construction. Prices for secondhand equipment have not declined more sharply. Cheap capital is the Grinch!

In the current climate of $100 oil, improving cash flows for our customers, and depleting reserves are fueling optimism. Modern drilling units are in demand, and orders have recently been accelerating again for drillships and semi-submersible rigs, and even jack-ups. If new orders are being placed for drilling units, can those for new boats be far behind? Of course not: recently there have been new orders placed for vessels. Investors appear once again ready to fund new construction.

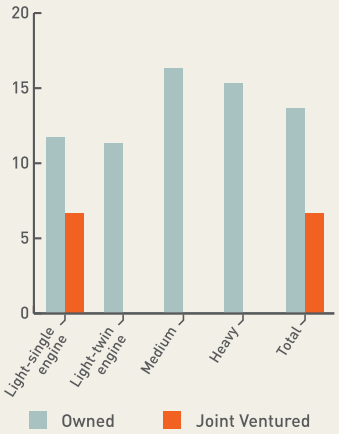
While positive psychology influences day rates, the supply of modern vessels relative to demand determines their utilization and is the most crucial variable

CHART V
AVIATION SERVICES HELICOPTERS*
December 31,



*Counts include owned, joint ventured, leased-in, and managed equipment.

CHART VI
AVIATION SERVICES AGE PROFILE
December 31, 2010



[15] See Appendix III for the charts provided by Fearnley Offshore Supply as of February 2011. For many years, Fearnley Offshore Supply has been kind enough to provide us with newbuilding delivery information. Other brokers track similar data. There are often differences in the data provided with respect to the counts and timing of the deliveries, especially for the small AHTS vessel fleet.

[16] We track market rates, which is the rate paid per day worked, and utilization adjusted day rates, which is earnings per day reflecting time available for service. Of course what counts is actual earnings per calendar day so we need to also consider time lost for operational issues, repairs, and dockings.

An AW139 dedicated to Era's SAR program lands on a rig during a training exercise offshore near Houma, Louisiana.

driving earnings. Is the current fleet and the order book balanced with demand, or is there still an excess of modern boats that transfers pricing power to users? It will take some time for drilling activity and projects to digest existing boat capacity and that scheduled for delivery. My current guess is that it will require at least most of this year to absorb fully new deliveries, and rates for term employment will not climb substantially before 2012. I reserve the right to revise my forecast like any other self-contradicting "talking head." As you will note in the discussion of our inland segment, my crystal ball is far from infallible.

In addition to the vessel fleet profile this year, the letter includes information in Appendix V on the rig fleet and planned floating production and storage projects. Both are important drivers of vessel demand.

Brazil is now the most important single market for offshore activity, and Petrobras is the dominant customer in that market (if not in the entire offshore universe), although the number of operators drilling in Brazil is increasing. There are eight operators working in Brazil at this time. According to our survey, there are about 72 offshore drilling rigs, 280 AHTS vessels and PSVs, and 143 helicopters working in Brazil.[17] I have included a chart in Appendix V showing vessels under construction in Brazil. Brazil, similar to the United States, gives preference to vessels built in local shipyards. Eventually there will be a sufficient number of vessels with preference to displace the foreign flag vessels. For the moment that does not appear to be an issue, but it is a cloud on the distant horizon.

AVIATION SERVICES ("ERA")

Our aviation group produced $61.4 million of segment profit before depreciation and amortization, a 9.2 percent return on average segment assets of $667.5 million and also an 8.8 percent OIBDA return on average *gross* property equipment of $716.4 million.[18] The chart on this page provides the average age of our helicopter fleet by class of equipment at year-end. At year-end, Era had firm commitments for 13 helicopters, which will be delivered in the next two years. It also had options for 15 helicopters. Subsequent to the end of the year, we increased our investment in Dart Helicopter Services ("Dart"). Two of our partners elected to sell their interest in Dart. We now own this business, which develops and markets external parts for helicopters, jointly with Eagle Copters. Although the last two years have been difficult, we hope that, through a combination of new products and a better business climate, results will improve.

[17] Information is based on internal market research, Petrobras' public tenders, and Associação Brasileira das Empresas de Apoio Maritimo as of January 2011. Rig counts include jack-ups, semi-submersibles, and drillships.

[18] See Note 8, *supra*. In 2010, we sold two helicopters and other equipment for $0.9 million. For the year total gains, net of impairment charges, amounted to $0.8 million and include gains related to the year's sales, impairment charges, and gains previously deferred. Since the acquisition of Era Aviation, Inc., in December 2004, we disposed of 49 helicopters and other equipment for approximately $130 million, and acquired new equipment for approximately $780 million. For those who wish to delve into the fine print, we also own a fixed base operation ("FBO") in Alaska, operating under the Million Air brand name. A typical FBO that sells fuel will have large gross revenue and small margins. Although this is not a big factor in our reported results, it does skew our margins ever so slightly. We have seven of our owned machines in the air medical service business. We support five institutions, in some cases simply operating helicopters owned by the hospital. This activity too is not significant, but it also affects segment margins. At year-end, we had $21.0 million invested in Dart Helicopter Services, results of which are picked up in equity earnings (or losses) from joint ventures.

Like the offshore marine business, our aviation group's results have suffered from the virtual shut down in activity in the Gulf of Mexico. If my expectations for a recovery in the Gulf of Mexico are correct, our aviation group will benefit.

At year-end, 52 of Era's machines were on long-term contracts with an average duration of 1.6 years. This includes 18 contracted to partners. Of our total fleet of 176 helicopters at year-end, 42 were operating outside of the United States.[19] During the year one new helicopter commenced work internationally, six helicopters relocated from the United States to foreign locations, and two helicopters returned to the United States from overseas assignments.

Appendix VI updates last year's information on helicopter deliveries. We are also including a table that organizes the recent deliveries according to mission profile.

Unloading iron ore at SCF's joint venture transfer terminal at Port of Ibicuy, Argentina.

INLAND RIVER SERVICES AND INFRASTRUCTURE INVESTMENTS ("SCF")

Our inland group produced $91.7 million of segment profit before depreciation and amortization, a 22.3 percent return on average segment assets of $411.6 million[20] and a 23.3 percent OIBDA return on average *gross* property and equipment of $367.7 million.[21] During 2010 SCF sold 60 barges to our Argentine joint venture partnership, recognizing a gain of $16.5 million.[22] The average age of our hopper barge fleet at year-end was six years; our 10,000 barrel tank barge fleet was 14 years; and our 30,000 barrel fleet was eight years. The average age of our towboats was 37 years. The older boats, like many others operating in the inland system, have been almost completely rebuilt, and I expect them to enjoy a long service life. However, a new vessel enjoys advantages many of which cannot be easily retrofitted. Several years ago we launched a program to build new towboats. In 2008 and 2009 we added five new towboats in the 3,200 BHP class. At year-end, SCF had 55 hopper barges on order for delivery in 2011.

Inland river's 2010 results proved better than "mediocre," an adjective better applied to my forecast in last year's letter rather than our results. At the beginning of the year, rates for a grain voyage from St. Louis to New Orleans were approximately $11.50 per ton. By the middle of the third quarter, these rates had climbed to $18± per ton and ended the year at a still respectable $16± per ton.[23] Perhaps the most noteworthy developments of the year for the dry cargo fleet were the revival of northbound movements of industrial commodities, even in the face of a weaker dollar, and southbound movement of coal for export, the strongest in many years. Rates for larger liquid barges were depressed throughout the year. A typical "unit tow," consisting of two 30,000 barrel clean barges and a push boat averaged $6,200 per day for spot voyages. We did manage to keep the fleet fairly well utilized, in part due to business booked by our commodity group.[24]

After failing to anticipate last year's barge activity, I purchased a new crystal ball. (I hope the glass is not rose-tinted.) Today's situation is the opposite of last year. Business has started on a firm note, and the outlook appears positive. However, the order book for new hopper barges in 2011 has swelled. There are still a lot of barges that need to retire, but I become nervous whenever I see forward equipment supply growing. The liquid fleet appears to have absorbed the equipment ordered several years ago. Rates for liquid tows appear to be improving.

During the year SCF took some additional baby steps toward vertical integration, acquiring skills and facilities, in the St. Louis and New Orleans

[19] This count includes six light-single engine helicopters owned by our Spanish joint venture, Lake Palma, S.L.

[20] See Note 8, *supra*. At year-end, inland's net property and equipment was comprised of dry cargo barges, $143.5 million; deck barges, $17.0 million; liquid fleet including towboats linked to "unit tows," $113.0 million; and $44.1 million in towboat operations, our Gateway terminal, real estate, fabrication facilities, and fleeting sites.

[21] See Note 8, *supra*.

[22] In addition, we recognized $15.4 million in gains previously deferred, primarily associated with the acquisition of a controlling interest in Seaspraie, for a total of $31.9 million in gains reported this year. Since launching our new construction program for barges and towboats in the latter part of 2003, we have disposed of 236 barges, five boats, and other property and equipment for approximately $140 million, excluding 73 barges associated with non-operating activities, and built or acquired 574 barges, 11 boats, and other property and equipment for approximately $410 million. In addition, we acquired 14 barges and eight towboats in connection with the Waxler acquisition. During 2006 and 2007, we contributed 91 of our barges to the Seaspraie joint venture. In 2010, we obtained 100 percent interest in this venture.

[23] Rates are indicative of, but cannot be precisely correlated, with profitability. Too many factors determine voyage performance and hence margins including fuel prices, weather conditions, water levels, and port congestion (to name only a few).

[24] Our energy trading group and our affiliate, Illinois Corn Processing, booked slightly less than $13.0 million in gross freight from our barge group, most of it for loading ethanol, and also paid fees of $5.4 million for using the Gateway terminal. Of course our commodity traders book the lowest cost freight and work with all providers. Their profit is measured as a separate business unit.

areas, to bring in-house services that we previously had to purchase from third parties. We now have a fabrication shop and can machine parts for towboats and carry out engine repairs without relying on outside contractors. We also sell our services to third parties.

One of the focus areas for our inland group is infrastructure. It owns our Gateway terminal. We are in the process of connecting the terminal to a major pipeline artery. We expect this will expand opportunities for product movements through the facility. Gateway sits on a large parcel of land in Sauget, Illinois, opposite downtown St. Louis. We are looking at further opportunities for developing this land. We are also growing our investments in agricultural facilities. We have been issued permits to build a grain elevator in Fairmont, Illinois, which will serve the St. Louis market, and an elevator in Memphis. We already have a joint venture interest in a grain elevator in McLeansboro, Illinois.

During the year our inland group also increased its regional focus on Latin America. We now have several of our personnel in the region, working with local partners. Our Argentine joint ventures now operate 172 barges and nine towboats, a dry cargo vessel, and hold a 50 percent interest in an iron ore transfer terminal located in Ibicuy, which is upriver from Buenos Aires. That terminal has dramatically reduced the time required to offload iron ore from barges to ships. During the last year the barge operation has broadened its activities to carry products other than iron ore. My personal view is that the development of South American inland waterways is in its infancy.

In keeping with prior letters, we provide charts at the end of this letter in Appendix VII showing the profile of the U.S. barge fleet.

CHART VII
INLAND RIVER SERVICES DRY CARGO BARGES
December 31,

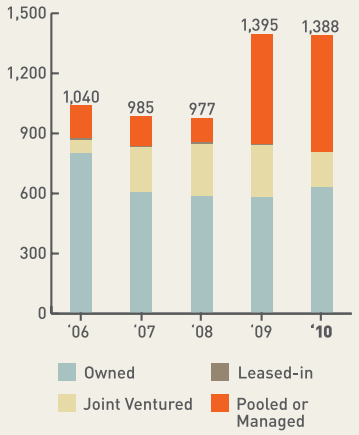
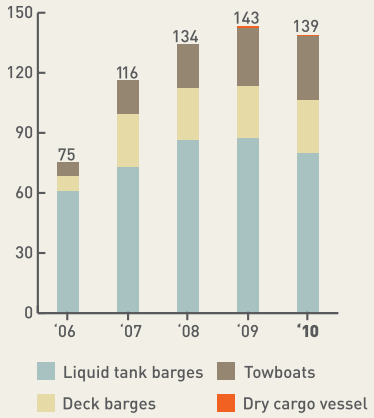


CHART VIII
INLAND RIVER SERVICES OTHER EQUIPMENT*
December 31,



*Counts include owned, joint ventured, leased-in, and pooled or managed equipment.

SHIPPING SERVICES ("SEABULK TANKERS AND TOWING")

In 2010 our tanker fleet produced $13.2 million of segment profit before depreciation and amortization, after recognizing an $18.7 million impairment charge on the *Seabulk America*. Mea Culpa! The $13.2 million was a paltry 3.8 percent return on average segment assets of $343.8 million and an anemic 2.7 percent OIBDA return on average *gross* property and equipment of $497.6 million.[25] During the fourth quarter we sold two of our tankers and leased them back for a period congruent with the term of their bareboat charter to a major oil company. The gross sale proceeds were $181.0 million. In accordance with U.S. GAAP, this resulted in $69.3 million in deferred gains (more on deferred gains in the accounting section).[26]

Seven of the eight vessels are employed. Four are on long-term bareboat contracts; two others are on charters that extend through to 2012; and one is on a charter that ends in August 2011. Post-impairment charge, the *Seabulk America* is now carried on our books at what we believe is fair value (close to scrap). It is always guesswork, hopefully informed guesswork, as to whether it pays to keep an older ship in lay-up, which entails expenses of paying for a berth and port risk insurance and personnel to check up on the vessel, or to cut costs and harvest the cash by selling the vessel for scrap. The *Seabulk America* is one of a handful of U.S.-flag vessels well suited for carrying chemicals. (It has stainless clad center tanks.) Retaining the option of entering that trade appears to have value, at least for the moment.

Some gratifying news arrived while I was drafting this letter. The Federal District Court ruled that the Coast Guard's decision to document the *Seabulk Challenge* and *Seabulk Trader* was correct. I hope this now ends an almost four-year

[25] See Note 8, *supra*.
[26] Were this gain attributable to the results, returns would have been quite satisfying, 23.7 percent on average segment assets and 16.4 percent on average *gross* property and equipment.

SDM tug *St. Johns* working outside the entrance of Port Everglades, Florida.

odyssey of litigation that cost approximately $1.5 million and consumed countless hours of management time. Unfortunately, recouping costs in the American legal system is not the norm.

In a prior letter I lamented the mad rush several years ago to construct tankers and tank barges for the U.S. Jones Act coastal trades anticipating, rather than waiting, for the retirement of the single-hull vessels. Fifteen new vessels entered the market in 2010. Spot rates for voyage charters on 50,000 deadweight ton product carriers are hovering around $30,000-$35,000 per day, even though all but six single-hull vessels of competitive size (100,000+ barrel class) are idle. Rates are down from approximately $40,000 a couple of years ago. Rates and utilization in today's spot market translate to annualized net income, prior to capital cost or depreciation, of approximately $5 million. The State of Pennsylvania appears to have decided to fund building two more product carriers and add more capacity.[27] I question whether the retirement of the six single-hull vessels still trading will bring supply and demand into close enough balance to boost returns to levels that will justify the $100+ million cost of constructing most of this recent generation of U.S.-flag product tankers. For perspective, a virtually identical vessel constructed in a Korean yard would today cost slightly more than $32 million.

Although we do not see any attractive investments for the moment in U.S. Jones Act coastwise tankers, we do believe that there is opportunity in the Great Lakes. We have elected to participate in a joint venture building an articulated tug barge unit, a self-unloading bulk carrier unit for the Great Lakes. Although the existing fleet, which is very old, is not afflicted by the curse that typically challenges elderly vessels, steel failure, these ships are yesterday's technology, with inefficient propulsion, and aging accommodations and quarters. Also, due to reduced manning requirements, an articulated tug barge unit is more cost efficient to operate.

Appendix VIII profiles the U.S.-flag tank vessel fleet.

I, like many others who husbanded liquidity, had hoped that 2010 would be the year for compelling bargains in international shipping assets. Although at this time

[27] Information is according to the press release "Tentative Agreement that Enables Construction of Two Additional Tankers at Aker Philadelphia Shipyard Made Effective" issued by the Aker Philadelphia Shipyard, dated February 17, 2011.

SEACOR does not own any foreign flag ships, our investment universe and interest is not restricted to U.S.-flag ships. We first ventured into the international dry bulk arena in 1998 and followed up by placing an order for two new bulk carriers in 2000 in partnership with another owner. These were very profitable investments. The original Seabulk shipping fleet also came with foreign flag product carriers. We sold too soon, missing out on a couple of years of good earnings, but realized prices almost double that which vessels of similar vintage and capacities would fetch today. Sometimes selling too soon is a way to make money.

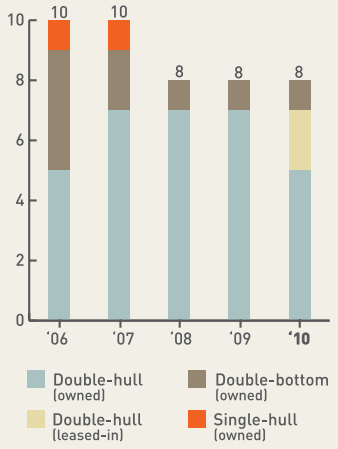
For my taste, values for tankers and bulk carriers are still on the high side, considering the order book and age of the fleet. Prices have fallen dramatically from 2008 levels, but still remain well above those of 2004, when the order book was much smaller, the existing fleet older, and yard capacity more limited and less productive. Banks are not yet aggressively pushing borrowers to liquidate undercapitalized loans or rectify covenant defaults except in egregious circumstances. Public capital and private equity are eager to invest in international shipping assets. Owners who are solvent have little incentive to sell, facing the dismal prospect of putting money in certificates of deposit yielding less than 1 percent. Nevertheless we keep looking.

Our harbor and offshore towing fleet produced $20.4 million of segment profit before depreciation and amortization, a 12.4 percent return on average segment assets of $164.4 million, and 11.5 percent OIBDA return on average *gross* property and equipment of $176.7 million.[28] Results were boosted by activity related to the Macondo spill. The average age of our harbor tug fleet is 20 years and three years for our tugs and bunkering barges in St. Eustatius.[29]

The driver for our business is primarily ship calls at the ports we service.[30] Although these ports support container and dry bulk traffic, tankers account for 45 percent of our local moves. We also support a bunkering operation in St. Eustatius and are 1.5 years into a ten-year contract. This activity employs five modern barges and four modern tugs that account for slightly more than 40 percent of the towing group's net property and equipment at year-end.

As this letter is being composed, our shipping group is in the last stages of closing a transaction acquiring a small feeder service, G & G Marine, which handles "retail" cargo (less than container load) from Florida to several small islands in the Caribbean. We look upon G & G as a platform for growth, particularly after the Panama Canal opens in its new configuration, and when, at some future time, trade resumes with Cuba.

CHART IX
MARINE TRANSPORTATION SERVICES TANKERS
December 31,



EMERGENCY RESPONSE AND ENVIRONMENTAL SERVICES

For the year our environmental division earned $242.2 million in segment profit. Of course the Gulf of Mexico oil spill was an aberration, and fortunately events of this nature tend to be once in a generation.[31] The *Exxon Valdez* spilled its oil in 1989.

Our environmental group offers a broad array of services and activities. The National Response Corporation ("NRC") is a national Oil Spill Response Organization, ("OSRO"), and focuses on meeting the needs of ship owners and facilities, and offshore operators in meeting the mandate of the Oil Pollution Act of 1990 ("OPA 90"). NRC provides clients the pre-positioned equipment required to meet Coast Guard regulations and a management structure to add resources depending on the size of an event.

[28] See Note 8, *supra*. Most of the tug group's asset base consists of tugs used for docking ships. It also owns five ocean liquid tank barges employed in bunkering and transfer operations in St. Eustatius and four tugs certified for ocean-going service.

[29] Since acquiring Seabulk in July of 2005, we have added approximately $110 million of assets to this group, and sold approximately $9 million of assets, the oldest of which was built in 1941.

[30] We service six ports, including three ports in Florida, Port Everglades, Port of Tampa, and Port Canaveral; Port Arthur, Texas; Port Mobile, Alabama; and Lake Charles, Louisiana.

[31] This is the only well blowout of consequence in the U.S. Gulf out of more than 50,000 wells, including 4,000 drilled in over 1,000 feet of water. Source: Discussion with the Bureau of Energy Management, Regulation and Enforcement. In the last 40 years there have been two other drilling disasters in this hemisphere, Itox in 1972, drilled in Mexico, and Santa Barbara, in 1969, a blowout that in many respects still shapes U.S. energy policy.

OSRV *NRC Liberty* conducts a skimming exercise in Miami, Florida, where the vessel is based.

O'Brien's Response Management ("O'Brien's") provides consulting and planning services to ship owners and facilities, and local governments, analyzing risk, writing plans, and training personnel to deal with emergencies. While most of O'Brien's business is related to energy, it also provides expertise to oversee debris removal in the wake of hurricanes or tornados, facilitates collection of money from federal agencies that is due to local governments, works with boards and senior management to assist in enterprise risk assessment (in the broadest sense of the term), as well as evaluating risk associated with equipment and facilities, trains senior managers to work with media during emergencies, and markets several different specialized software packages that integrate management and media issues for institutions dealing with emergencies.[32]

NRC portable barge units prepared for deployment.

Understandably, investors have expressed curiosity about prospects for our environmental business. Somewhat ironically, prior to Macondo, we were in the process of considering various options for growing this business and creating a revenue and profit source less dependent on unpredictable events. Post-Macondo, we turn once again to evaluating strategic alternatives.

COMMODITY TRADING AND LOGISTICS

For the year our commodity activities reported a segment loss of $3.7 million. The preponderance of the red ink was associated with closing down our global rice operations. Our rice business was quite profitable several years ago and did not require a great deal of capital. In 2009 it became apparent that in order to be effective it would be necessary to operate on a scale that exceeded our comfort zone, and also take risk in the price of the commodity.

Our energy and sugar businesses were profitable for the year. Both groups operate as separate entities and for the most part are engaged in "basis" trading, essentially making small spreads related to moving product from origin to destination. There is some risk associated with timing, as settlement dates and terms for hedge instruments do not always match up perfectly with the calendar

[32] During 2010 about 58 percent of the environmental group's segment profit was contributed by NRC and 42 percent by O'Brien's. We also have international environmental activities which contributed to our earnings for the division.

Ethanol fermenters at the ICP ethanol facility in Pekin, Illinois.

and delivery location for our sales of physical commodities. We manage the business to limit our exposure to the absolute direction of price of the commodity.

Our energy activities are by far the largest component of our commodity business, earning $4.4 million in segment profit for the year. That group, based in Houston, primarily buys and resells ethanol, clean blend stocks, and petroleum diluents used to lower the viscosity of crude oil extracted from heavy crude oil (think turpentine) and tries to match its sales with other energy commodities that allow efficient utilization of its storage facilities and transportation assets.[33] We continue to expand this business cautiously. In the second half of 2010 we acquired a group based in Calgary, Canada, with a view of expanding into the market for certain specialty energy products.

EASTWARD HO

If Horace Greeley were alive, I assume he would be telling young men to "Go East."

We continue to develop our Asian-based investment portfolio. In addition to supporting our marine vessel and helicopter leasing activities, our SEACOR Capital subsidiary makes investments in general aviation and upstream businesses throughout the region, with a primary focus on companies involved in infrastructure, distribution, logistics and engineering, and also real estate. SEACOR Capital's Asian operation, based in Hong Kong, holds minority interests in companies that together employ more than 600 people and produce annual revenues in excess of $300 million.

In 2010 we acquired a 32.5 percent interest in Hawker Pacific ("HP"), one of the largest independent general aviation service providers in the Asia Pacific. HP is a distributor of aircraft and spare parts, and also operates a network of FBOs and MROs (Maintenance, Repair, and Overhaul) from Australia to the Middle East. With the addition of a recently opened FBO in Shanghai, and a brand new MRO facility currently under construction in Singapore, we think HP is extremely well positioned to capitalize on the demand for general and private aviation services that is starting to accelerate in Asia.

ADVANCED ACCOUNTING CONCEPTS: DEFERRED GAINS

On some occasions U.S. GAAP principles remind me of the pluperfect subjunctive, correct grammar which typically sounds stilted in social discourse. (I apologize to my tenth-grade teacher and the late, great William Safire.) My ranting about what I consider idiosyncrasies in U.S. GAAP is my blog release. (I realize my "tweets" about accounting issues will not be saved on Twitter.)

As previously mentioned, during the fourth quarter our shipping group sold two of its ships for a total of $181.0 million, which was $69.3 million in excess of depreciated book value. We leased them back for a term identical to that remaining on a bareboat charter to a major oil company. U.S. GAAP treatment of this transaction defers the gain (difference between the net sales price and our book) and amortizes it as a reduction of our payments under the lease from the purchaser of the vessels. I speak entirely from a personal perspective. I find U.S. GAAP treatment of this transaction bizarre. The vessels were owned by subsidiaries of SEACOR. The lease commitment to the seller is without effective recourse. The primary inducement for this transaction was the bareboat charter, which is assigned as security for the lease.[34] It is ironic the financial result of these sales will be realized as future income from operations, rather than an immediate gain from the sale of assets. If this is not sufficiently perplexing, please note that should the bareboat charter not perform and our subsidiaries

[33] During 2010 our energy group, excluding our joint venture operations, loaded 228 barges, of which 108 were owned by our inland group. In addition, the energy group put 6 million barrels of product through our Gateway terminal, which is located in Sauget, Illinois. Our inland group also benefited by loading 107 barges of "DDG" (dried distiller grain) from our joint venture owned Pekin, Illinois, ethanol facility.

[34] For a more complete discussion on deferred gains in sale-leaseback transactions, see Note 1 to our Consolidated Financial Statements in our 2010 Annual Report on Form 10-K on page 110. Unlike most of our other transactions that give rise to deferred gains, the sales of these two tankers do not involve a lease that is guaranteed by the parent, or an operating charter to a third party that could give rise to cancellation and leave a SEACOR subsidiary with real exposure.

SDM tug *Suwannee River* assists the *Oregon Voyager* in the Port of Tampa, Florida.

Photo courtesy of the Port of Tampa.

that lease the ships are not in a position to pay the owner of the ships, we would recognize a *gain* at that time.

If it were my prerogative to report this transaction in a format other than U.S. GAAP, I would have recorded the $69.3 million as a gain from the sale of assets during the fourth quarter. Instead, under U.S. GAAP treatment, future years' operating income will actually benefit. We will be booking the bareboat revenue as income, and our expense, which primarily includes the lease payments to the owner, will be reduced by the amortization of the gain. Although I do not attribute a higher value to operating income earned from charter or voyage freights, net of associated expense, than I do to gains on disposition of assets, many investors see the world differently.

THE NEW NORMAL

It may be age acceptable to be repetitious, but I like to believe my short-term memory is excellent. I am quite conscious of sounding like a broken record. Last year I expressed frustration at not finding outstanding opportunities for using capital. That continues to be the situation. The "new normal" for the moment appears to be cheap money. QE – I and QE – II (not ocean liners for those who may recall the days of elegant Atlantic crossings) continue to dish out cheap dollars. This is not just the normal Central Banker's punch; it is spiked.

We run SEACOR on the premise interest rates will climb and the dollar will weaken over time. In our view, and that of better qualified commentators, it is a matter of "when," not "if," for both eventualities. Last year we entered into a swap arrangement, and also used futures contracts to protect against the cost of increasing interest rates. We also maintain a diverse portfolio of foreign currencies.

Our mission is to acquire or create assets that, over time, will retain value and increase earnings consistent with inflation. In this pursuit we have to be selective;

there is no guarantee that assets will retain pricing power simply because the cost of reproduction might be higher due to inflation. If proof for this proposition were required, one would need only track the history of ship values from 1973 to 1986. When we do find opportunity, we envision increasingly funding these asset investments by creating partnerships with outside capital. This format has two benefits: 1) it is more tax efficient and income flows directly to investors; and 2) it leverages SEACOR's corporate capital. In the future we also plan to use slightly more credit than we have in the past. We intend to remain conservative, but given the current global policies, it would be irresponsible not to use more debt.

Our 10-K notes that evaluating strategic alternatives, such as corporate structure and financial options, is an ongoing undertaking in SEACOR, and in our view the routine task of good management stewardship. Our decision to pay a special dividend apparently not only surprised most investors, but rattled some. We have not run out of ideas, but I, and the Board, felt that maintaining liquid assets in excess of a billion dollars was not necessary. Were we to run out of ideas, or foresee an extended drought of opportunity of the kind that fits SEACOR's investment profile, speaking for myself, I might urge the Board to consider another special dividend. I do not subscribe to the view that "when the music is playing, you have to dance." Neither I, nor your other managers, or Board, are "party animals."

WELCOME AND FAREWELL

Blaine ("Fin") Fogg joined the Board in September. Oivind Lorentzen, our former Lead Director, enlisted with the executive group as our Five-Star General, CEO. I continue to act as Chairman of the Joint Chiefs of Staff, Executive Chairman. (I apologize to aficionados of military command structure if I am using incorrect analogies. Perhaps I am Secretary of Defense, and Oivind is Chairman of the Joint Chiefs.) Oivind brings a wealth of experience in shipping and finance and is very familiar with Latin America. Given the diversity and geographical span of opportunity, it is a huge benefit to have an additional senior partner in this enterprise.

Investors frequently ask two questions: 1) do I plan to retire; and, 2) how do we divide responsibilities? 1) No! 2) Down the middle: I get the coffee Monday and Wednesday, and Oivind gets it Tuesday and Thursday. Friday we flip. We are a partnership, and our other partners are our co-executives.

Early this year Randall Blank expressed a desire to retire. Ran has been my right hand for over 25 years. He joined me in the barge business before SEACOR was founded and was instrumental in its creation and development. He served as CFO until 2005 when he took over responsibility for the environmental and emergency response business. I know all of his colleagues join me in wishing him well. He will continue as a consultant and also administrator of the SEACOR Foundation, which we established last year to support environmental research, and other causes that are relevant to our activities.

Sincerely,

Charles Fabrikant

Charles Fabrikant

APPENDIX I: Corporate Performance

	SEACOR Holdings Inc.								
	Return on Equity[1]	Return on Equity (Pre-tax)[2]	Total Debt to Total Capital[3]	Net Debt to Total Capital[4]	Book Value Per Share[5]	Market Price Per Share[6]	Book Value Per Share[7]	Market Price Per Share with Dividends Included	S&P 500 Index with Dividends Included
							Annual Percentage Change		
1992					$7.84	$8.23			
1993	11.0%	17.8%	51.6%	31.9%	8.72	13.49	11.2%	64.0%	10.1%
1994	10.4%	14.9%	47.3%	22.4%	9.81	11.26	12.5%	(16.6)%	1.3%
1995	11.9%	17.6%	40.9%	31.6%	12.27	15.59	25.1%	38.5%	37.6%
1996	21.8%	33.6%	38.5%	12.4%	16.92	36.37	37.9%	133.3%	23.0%
1997	33.9%	51.4%	41.5%	(8.0)%	22.74	34.78	34.4%	(4.4)%	33.4%
1998	26.6%	39.3%	45.2%	(3.2)%	28.55	28.54	25.5%	(17.9)%	28.6%
1999	5.7%	8.5%	46.2%	19.2%	29.97	29.87	5.0%	4.7%	21.0%
2000	6.7%	10.8%	40.7%	3.6%	32.28	45.57	7.7%	52.5%	(9.1)%
2001	12.8%	19.2%	28.0%	3.1%	37.03	40.18	14.7%	(11.8)%	(11.9)%
2002	6.3%	9.4%	33.3%	(10.2)%	40.41	38.53	9.1%	(4.1)%	(22.1)%
2003	1.5%	2.8%	30.1%	(9.6)%	41.46	36.39	2.6%	(5.6)%	28.7%
2004	2.6%	3.7%	39.4%	3.4%	45.20	46.24	9.0%	27.1%	10.9%
2005	20.1%	23.4%	40.3%	11.4%	56.04	58.97	24.0%	27.5%	4.9%
2006	16.5%	25.3%	37.0%	0.3%	64.52	85.84	15.1%	45.6%	15.8%
2007	15.0%	23.1%	35.7%	(3.4)%	72.73	80.30	12.7%	(6.5)%	5.5%
2008	13.3%	20.0%	36.4%	10.9%	81.44	57.71	12.0%	(28.1)%	(37.0)%
2009	8.8%	13.9%	28.7%	(2.4)%	86.56	66.02	6.3%	14.4%	26.5%
2010	**12.5%**	**19.7%**	**28.6%**	**(5.4)%**	**83.52**	**101.09**	**(3.5)%**	**52.5%**	**15.1%**

	Compounded Annual Growth Rate ("CAGR")		
CAGR (1992-2010)	14.0%	14.9%	8.1%
CAGR (2000-2010)	10.0%	8.2%	1.4%
CAGR (2005-2010)	8.3%	11.2%	2.3%

[1] Return on equity is calculated as net income attributable to SEACOR Holdings Inc. divided by SEACOR Holdings Inc. stockholders' equity at the beginning of the year.
[2] Return on equity (pre-tax) is calculated as net income attributable to SEACOR Holdings Inc. plus income tax expense, a non-U.S. GAAP measure, divided by SEACOR Holdings Inc. stockholders' equity at the beginning of the year.
[3] Total debt to total capital is calculated as total debt 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.
[4] 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.
[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 effective June 15, 2000.
[6] This represents adjusted closing prices at December 31. Amounts presented from 1992 to 1999 have been adjusted for the three-for-two stock split effective June 15, 2000. Amounts presented from 1992 to 2009 have been adjusted for the Special Cash Dividend of $15 per common share paid to shareholders of record on December 14, 2010.
[7] Annual percentage change for 2010 was impacted by the Special Cash Dividend.

APPENDIX II: Asset Intensive Business Segments Financial Highlights[1]

(U.S. dollars, in thousands, except ratios)

	For the year ended December 31, 2010				
	Segment Profit (Loss)	Depreciation and Amortization	Segment Profit Before Depreciation and Amortization[2]	Average Segment Assets[3]	Return on Average Segment Assets[4]
Offshore Marine Services	$ 144,117	$ 51,760	$ 195,877	$ 899,807	21.8%
Aviation Services	18,032	43,351	61,383	667,475	9.2%
Inland River Services	70,980	20,721	91,701	411,585	22.3%
Marine Transportation Services	(15,425)	28,645	13,220	343,794	3.8%
Harbor and Offshore Towing Services	11,835	8,536	20,371	164,423	12.4%

	For the year ended December 31, 2010				
	Operating Income (Loss)	Depreciation and Amortization	Operating Income Before Depreciation and Amortization[5]	Average Gross Property and Equipment[6]	Return on Average Gross Property and Equipment[7]
Offshore Marine Services	$ 133,188	$ 51,760	$ 184,948	$ 1,007,017	18.4%
Aviation Services	19,748	43,351	63,099	716,438	8.8%
Inland River Services	65,035	20,721	85,756	367,715	23.3%
Marine Transportation Services	(15,447)	28,645	13,198	497,624	2.7%
Harbor and Offshore Towing Services	11,795	8,536	20,331	176,712	11.5%

[1] Segment profit (loss), depreciation and amortization, and operating income (loss) has been extracted from Note 15 to our Consolidated Financial Statements in our 2010 Annual Report on Form 10-K on page 142 with the exception of Harbor and Offshore Towing Services. In our filings, Harbor and Offshore Towing Services is the main component of Other.

[2] Segment profit before depreciation and amortization is a non-U.S. GAAP financial measure and calculated as segment profit (loss) plus depreciation and amortization.

[3] Average segment assets are computed by averaging the beginning and ending quarterly values during 2010. Segment assets has been extracted from our Quarterly Reports on Form 10-Q and our Annual Report on Form 10-K for all of the business units with the exception of Harbor and Offshore Towing Services. In our filings, Harbor and Offshore Towing Services is the main component of Other.

[4] Return on average segment assets is calculated as segment profit before depreciation and amortization, a non-U.S. GAAP financial measure, divided by average segment assets.

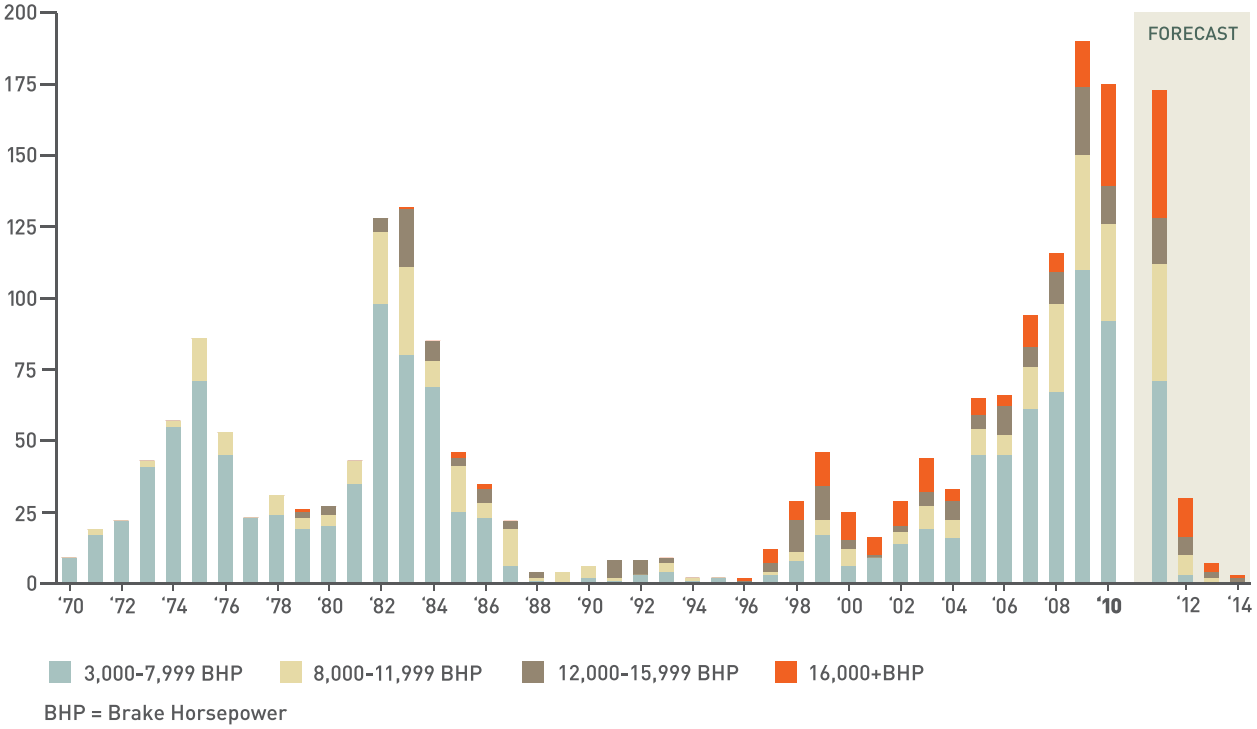
[5] Operating income before depreciation and amortization is a non-U.S.GAAP financial measure and calculated as operating income (loss) plus depreciation and amortization.

[6] Average gross property and equipment is computed by averaging the beginning and ending quarterly values during 2010. In our SEC filings, we disclose net property and equipment by segment. We do not disclose total gross property and equipment by business unit, however, for historical cost for major classes of equipment refer to Note 1 to our Consolidated Financial Statements in our 2010 Annual Report on Form 10-K on page 107.

[7] Return on average gross property and equipment is calculated as operating income before depreciation and amortization, a non-U.S. GAAP financial measure, divided by average gross property and equipment.

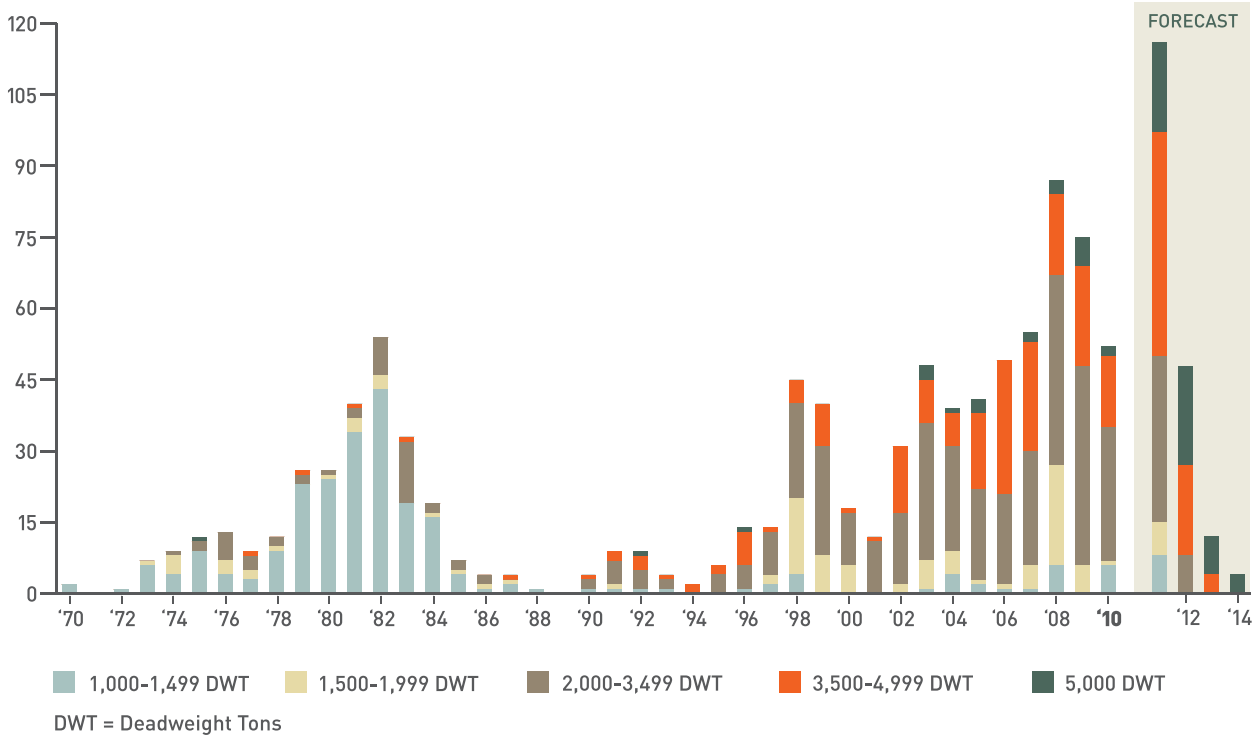
APPENDIX III: Offshore Marine Industry Fleet Profile

AHTS VESSEL NEWBUILDING DELIVERIES
1970-2014



BHP = Brake Horsepower

PSV NEWBUILDING DELIVERIES
1970-2014



DWT = Deadweight Tons

APPENDIX IV: Offshore Marine Industry Fleet Profile

The following table summarizes the predicted deliveries for the last six years which was supplied by Fearnley Offshore Supply ("Fearnley") and provided in our annual letters (in a chart format). The variances represent the revisions made from the prior year estimated counts as more information concerning actual delivery details are collected. For example, in February 2006, Fearnley originally predicted that 50 anchor handling towing supply ("AHTS") vessels had delivered in 2005 and 79 AHTS vessels were projected to deliver in 2006. As more information surfaced, the delivery counts for 2005 increased by six to a total of 56 AHTS vessels the following year and the delivery count for 2006 decreased to 75. Fast forward to 2010, the estimate is now that 65 AHTS vessels delivered in 2005, which was seven higher than the prior year prediction and 15 AHTS vessels higher than the original estimate. For 2010, Fearnley estimates that 175 AHTS vessels were delivered. We would expect revisions to this estimate next year. Given the substantial revision in delivery estimates for 2008 and 2009 in comparison with the initial estimates we infer many of those vessels delivered in 2010.

The shaded numbers in green below represent forward projected deliveries, whereas the non-shaded numbers represent prior year projected deliveries based on the information provided in the annual letters.

AHTS VESSEL NEWBUILDING DELIVERIES

	2005	2006	2007	2008	2009	2010	2011
Projected Deliveries - February 2006	50	**79**					
Projected Deliveries - February 2007	56	75	**116**				
Variance from Prior Year Projections	6	(4)					
Projected Deliveries - February 2008	64	62	86	**221**			
Variance from Prior Year Projections	8	(13)	(30)				
Projected Deliveries - February 2009	65	63	88	97	**301**		
Variance from Prior Year Projections	1	1	2	(124)			
Projected Deliveries - February 2010	58	61	92	112	209	**270**	
Variance from Prior Year Projections	(7)	(2)	4	15	(92)		
Projected Deliveries - February 2011	65	66	94	116	190	175	**173**
Variance from Prior Year Projections	7	5	2	4	(19)	(95)	

Source: Fearnley Offshore Supply

PSV NEWBUILDING DELIVERIES

	2005	2006	2007	2008	2009	2010	2011
Projected Deliveries - February 2006	41	**57**					
Projected Deliveries - February 2007	44	51	**99**				
Variance from Prior Year Projections	3	(6)					
Projected Deliveries - February 2008	44	48	51	**127**			
Variance from Prior Year Projections	-	(3)	(48)				
Projected Deliveries - February 2009	44	49	52	84	**151**		
Variance from Prior Year Projections	-	1	1	(43)			
Projected Deliveries - February 2010	45	51	56	91	71	**120**	
Variance from Prior Year Projections	1	2	4	7	(80)		
Projected Deliveries - February 2011	41	49	55	87	75	52	**116**
Variance from Prior Year Projections	(4)	(2)	(1)	(4)	4	(68)	

Source: Fearnley Offshore Supply

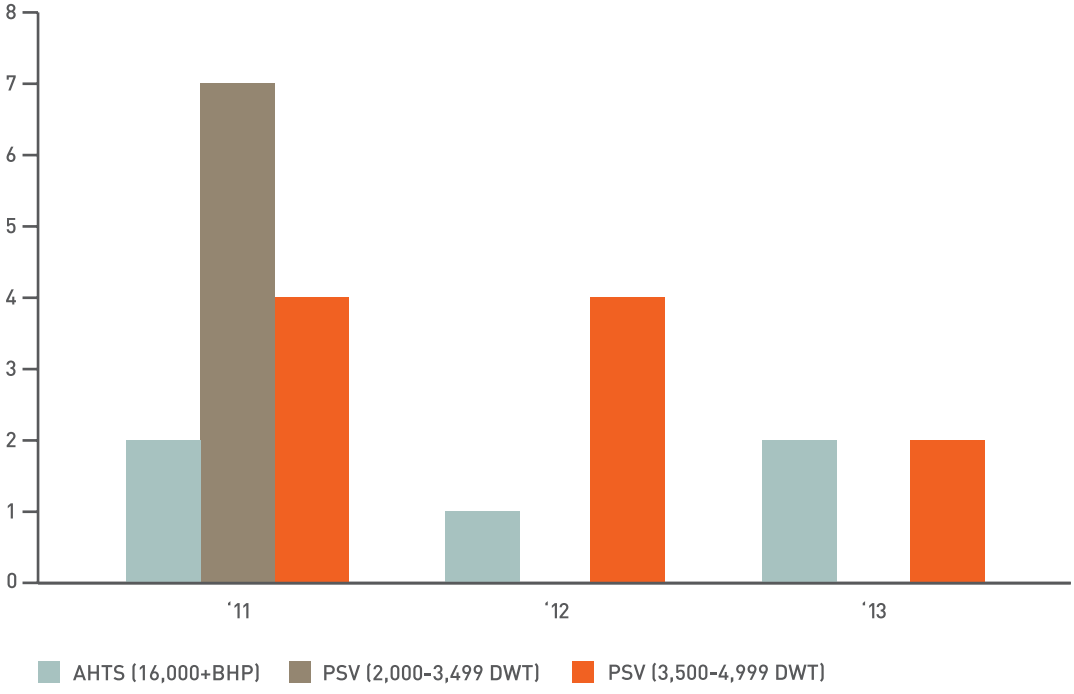
APPENDIX V: Offshore Industry Highlights

WORLDWIDE OFFSHORE RIG AND FLOATING PRODUCTION STORAGE AND OFFLOADING ("FPSO") FLEET PROFILE
(As of January 2011)

	Current Fleet	2010 Deliveries	Forecasted Deliveries		
			2011	2012	2013+
Jack-ups	465±	25	20-25	20±	7±
Floaters					
Semi-submersibles	190±	12	17	6-9	1-3
Drillships	60	10	19	7	9-11
FPSOs	170	26	10	11	17

Sources: ODS-Petrodata, Inc., Jefferies & Company, Inc., Clarkson Research Services Limited, Barclays Capital, and RS Platou ASA. Information is based on a compilation of various industry reports. There are differences in estimates by those who track the industry and, of the sources used, the discrepancies were fairly material.

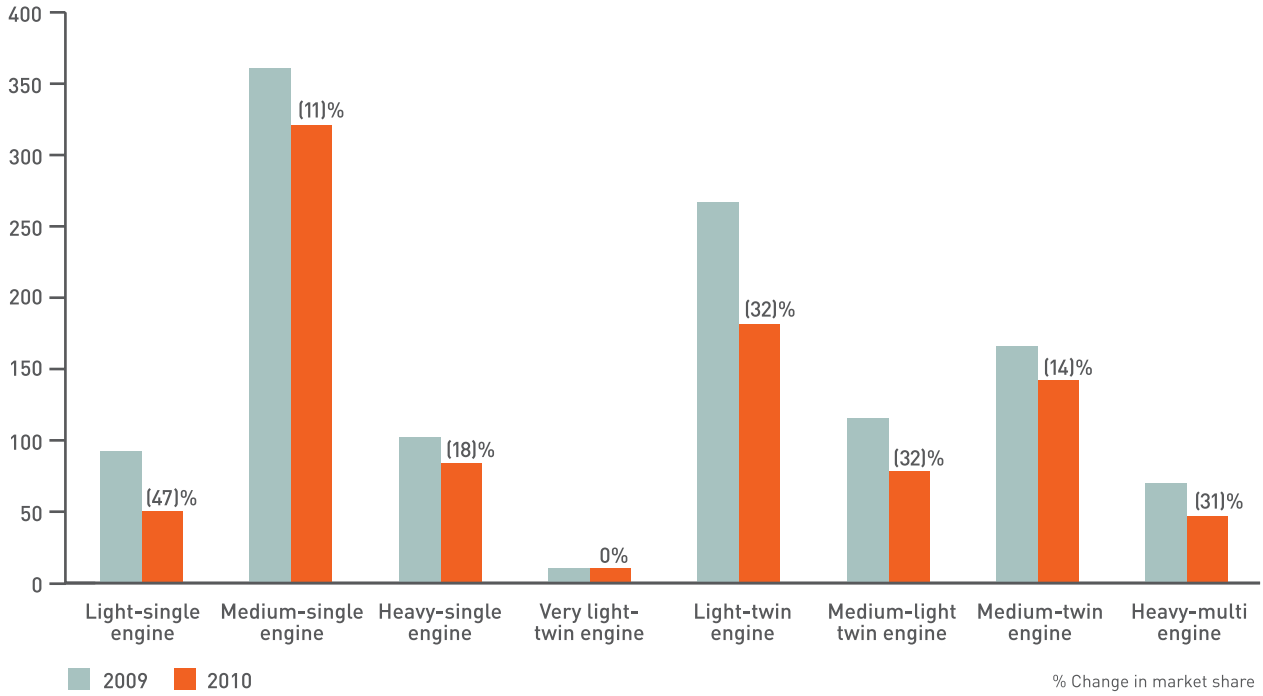
BRAZIL - PROJECTED AHTS VESSEL AND PSV DELIVERIES
(As of February 2011)



Sources: Fearnley Offshore Supply, public company presentations, and internal estimates.

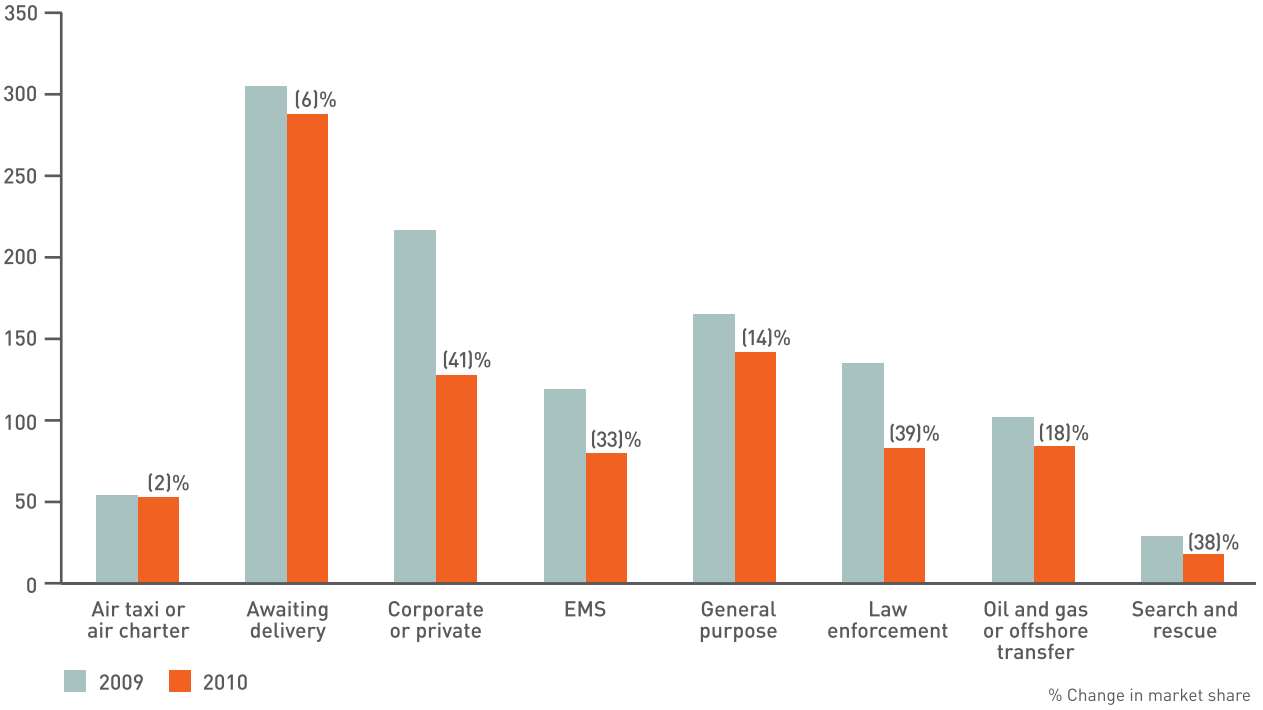
APPENDIX VI: Aviation Industry Fleet Profile[1]

GLOBAL CIVIL DELIVERIES BY CLASS



Civil Only: Includes delivery to dealers Source: Flightglobal HeliCAS (March 2011)

GLOBAL CIVIL DELIVERIES BY MAJOR SECTORS

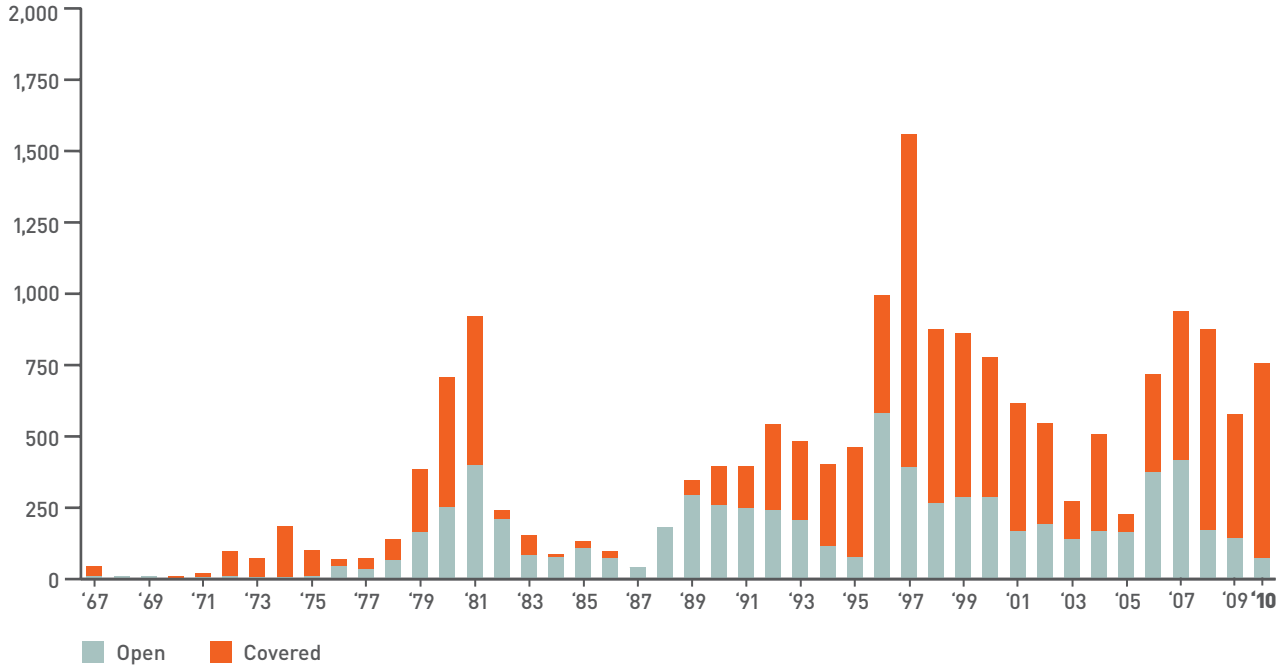


Civil Only: Includes delivery to dealers Source: Flightglobal HeliCAS (March 2011)

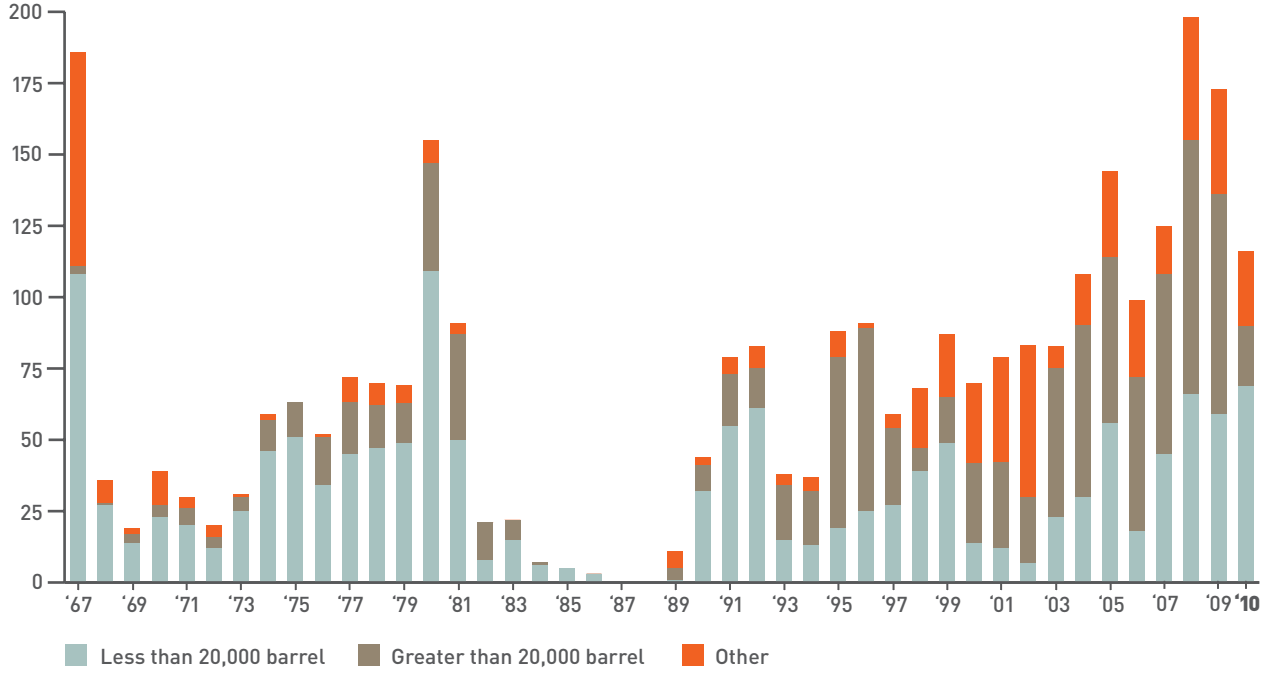
[1] Similar to last year, the estimated global civil helicopter delivery details were supplied by Flightglobal. Last year we focused on new delivery counts for the four major manufacturers. To reflect a more accurate depiction of all estimated deliveries for 2009 and 2010, this year, the delivery count includes all new deliveries for all manufacturers as well as helicopters that have moved from the manufacturers to dealers prior to delivery to an end customer ("delivery to dealers"). For further information, please see the following article: "Helicopters in 2011: ready for departure" written on March 1, 2011, by John Croft of Flightglobal.

APPENDIX VII: Domestic Inland River Industry Fleet Profile

DRY CARGO BARGES IN OPERATION BY YEAR OF CONSTRUCTION



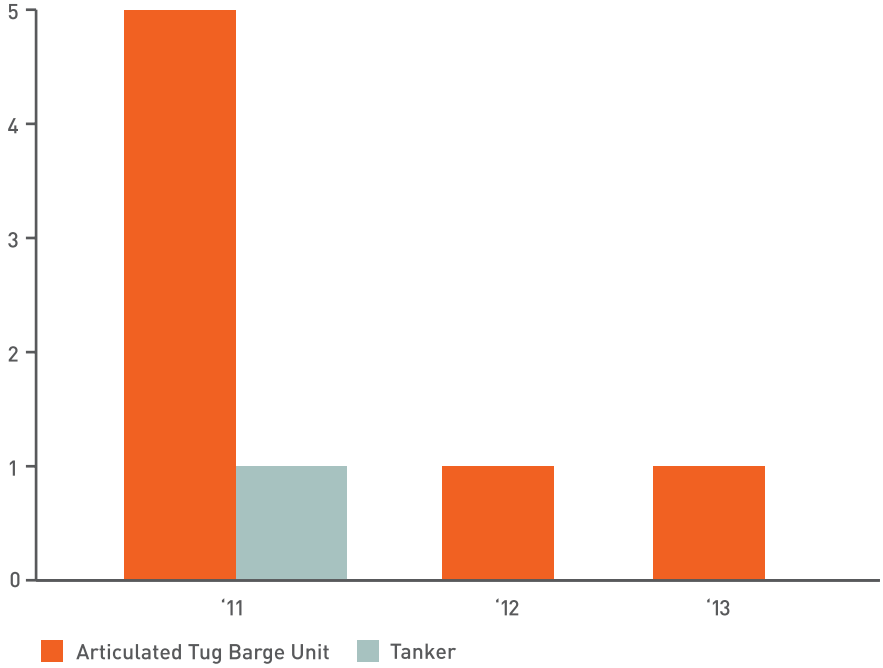
LIQUID TANK BARGES IN OPERATION BY YEAR OF CONSTRUCTION[1]



[1] We believe the "less than 20,000 barrel" class and the "greater than 20,000 barrel" class consists primarily of 10,000 barrel liquid tank barges and 30,000 barrel liquid tank barges, respectively. Other consists of independent, specialty, and all other liquid cargo barges.

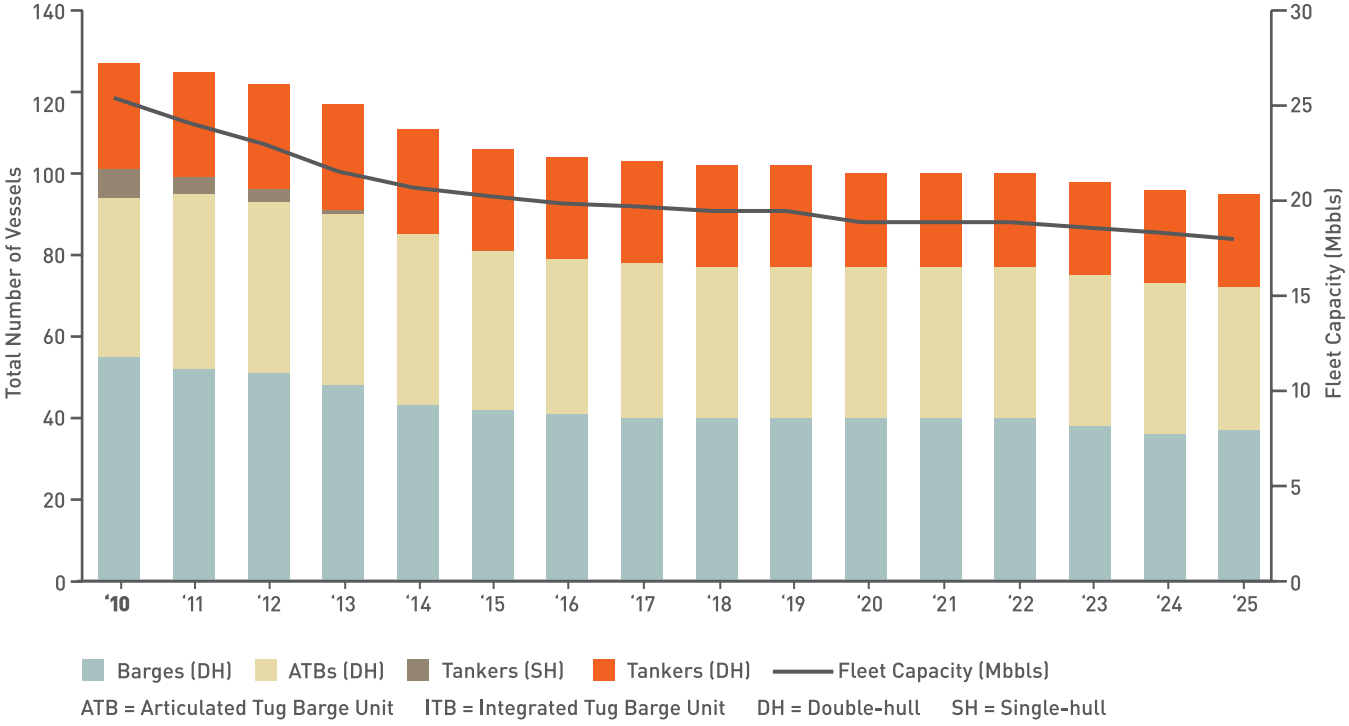
APPENDIX VIII: Domestic Marine Transportation Fleet Profile

PROJECTED U.S.-FLAG TANK VESSEL DELIVERIES
(Greater than 15,000 deadweight tons)



Sources: Mallory, Jones, Lynch, Flynn & Associates, Inc. (January 2011), public filings, and internal estimates.

PROJECTED U.S.-FLAG TANK VESSELS IN OPERATION STARTING AS OF JANUARY 1, 2010[1]
(Greater than 15,000 deadweight tons)



ATB = Articulated Tug Barge Unit ITB = Integrated Tug Barge Unit DH = Double-hull SH = Single-hull

Sources: Mallory, Jones, Lynch, Flynn & Associates, Inc. (January 2011), public filings, and internal estimates.

[1] Counts exclude U.S.-Flag tank vessels that are laid-up.