SEACOR HOLDINGS INC /NEW/
Form 10-K
February 25, 2011
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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)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2010

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	**13-3542736**
(State or Other Jurisdiction	**(I.R.S. Employer**
of Incorporation or Organization)	**Identification No.)**
2200 Eller Drive, P.O. Box 13038, Fort Lauderdale, Florida	**33316**
(Address of Principal Executive Offices)	**(Zip Code)**

(954) 523-2200

Registrant s telephone number, including area code

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

Title of Each Class	**Name of Each Exchange on Which Registered**
Common Stock, par value $.01 per share	**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. x 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 x 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. x Yes ¨ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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). x Yes ¨ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

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

Large accelerated filer x	Accelerated filer ¨	Non-accelerated filer ¨	Smaller reporting company ¨
		(Do not check if a smaller reporting company)	

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

The aggregate market value of the voting stock of the registrant held by non-affiliates as of June 30, 2010 was approximately $1,408,828,407 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 18, 2011 was 21,424,863.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant s definitive proxy statement for its 2011 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.

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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 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. Such risks, uncertainties and other important factors are discussed in Item 1A (Risk Factors). In addition, these statements constitute the Company s cautionary statements under the Private Securities Litigation Reform Act of 1995. It should be understood that it is not possible to predict or identify all such factors. Consequently, the following should not be considered to be a complete discussion of all potential risks or uncertainties. 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. Common Stock refers to the common stock, *par value* $.01 per share, of SEACOR. The Company s fiscal year ended on December 31, 2010.

The Company is in the business of owning, operating, investing in and marketing equipment, primarily in the offshore oil and gas, industrial aviation and marine transportation industries. The Company operates a diversified fleet of offshore support vessels and helicopters servicing oil and gas exploration, development and production facilities worldwide and a fleet of U.S.-flag product tankers that transport petroleum, chemicals and crude products primarily in the U.S. domestic or coastwise trade. In addition, the Company operates a fleet of inland river barges and towboats transporting grain, liquids and other bulk commodities on the U.S. Inland River Waterways. The Company s environmental services segment primarily provides emergency preparedness and response services to oil, chemical, industrial and marine transportation clients, and government agencies in the United States and abroad. The Company s commodity trading and logistics segment is an integrated business involved in the purchase, storage, transportation and sale of agricultural and energy commodities.

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

The Company s Corporate Governance policies, including the Board of Directors Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee charters are made available, free of charge, on the Company s website or in print for shareholders.

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All of the Company s periodic report filings with the Securities and Exchange Commission (SEC) pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, are made available, free of charge, through the Company s website, including its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports. These reports and amendments are available through the Company s website as soon as reasonably practicable after the Company electronically files such reports or amendments with the SEC. They are also available to be read and copied at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Information as to the operation of the SEC s Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains a website *(www.sec.gov)* that contains reports, proxy and information statements and other information.

Segment and Geographic Information

The Company s operations are divided into six main business segments: Offshore Marine Services, Aviation Services, Marine Transportation Services, Inland River Services, Environmental Services and Commodity Trading and Logistics. The Company also has activities that are referred to and described under Other, which primarily includes Harbor and Offshore Towing Services, various other investments in joint ventures and lending and leasing activities. Financial data for segment and geographic areas is reported in Part IV Note 15. Major Customers and Segment Information of this Annual Report on Form 10-K.

Offshore Marine Services

Business

Offshore Marine Services operates a diversified fleet of support vessels primarily servicing offshore oil and gas exploration, development and production facilities worldwide. Vessels in this service are employed to deliver cargo and personnel to offshore installations, handle anchors for drilling rigs and other marine equipment, support offshore construction and maintenance work, provide standby safety support and emergency response services. From time to time, Offshore Marine Services supports projects such as well stimulation, seismic data gathering and offshore accommodation. Offshore Marine Services also offers logistics services in support of offshore oil and gas exploration, development and production operations, including shorebased, marine transport and other supply chain management services. Offshore Marine Services contributed 19%, 33% and 43% of consolidated operating revenues in 2010, 2009 and 2008, respectively.

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Equipment and Services

The following tables identify the types of vessels that comprise Offshore Marine Services fleet as of December 31 for the indicated years. Owned are those majority owned by the Company. Joint Ventured are those owned by entities in which the Company does not have a controlling interest. Leased-in may be either vessels contracted from third parties or from leasing companies to which the Company may have sold such vessels. Pooled are owned by entities not affiliated with Offshore Marine Services with the revenues or results of operations of these vessels being shared with the revenues or results of operations of certain vessels of similar type owned by Offshore Marine Services based upon an agreed formula. Managed are owned by entities not affiliated with the Company but operated by Offshore Marine Services for a fee. See Glossary of Vessel Types below for an explanation of the services they perform.

	Owned	Joint Ventured	Leased-in	Pooled or Managed	Total
2010					
Anchor handling towing supply	15	2	2	1	20
Crew	40	2	7	3	52
Mini-supply	5	1	3		9
Standby safety	25	1			26
Supply	11		7	9	27
Towing supply	4	1	2	1	8
Specialty	4	5		3	12
	104	12	21	17	154
2009					
Anchor handling towing supply	18	1	1	3	23
Crew	41	2	11	3	57
Mini-supply	6		5		11
Standby safety	24	1			25
Supply	11		8	8	27
Towing supply	7	3	2	1	13
Specialty	4	5			9
	111	12	27	15	165
2008					
Anchor handling towing supply	18	1	1		20
Crew	49	2	23	1	75
Mini-supply	11		5		16
Standby safety	24			5	29
Supply	12		8	7	27
Towing supply	9	3	2		14
Specialty	6	3			9
	129	9	39	13	190

The following table indicates average fleet age in years as of December 31:

	2010	2009	2008
Including standby safety vessels	16.3	15.1	14.7
Excluding standby safety vessels	11.5	10.6	11.0

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Glossary of Vessel Types

Anchor handling towing supply (AHTS) vessels are used primarily to support offshore drilling activities in the towing, positioning and mooring of drilling rigs and other marine equipment. AHTS vessels are also used to transport supplies and equipment from shore bases to offshore drilling rigs, platforms and other installations. The defining characteristics of AHTS vessels are horsepower (bhp), size of winch in terms of line pull and wire storage capacity. Offshore Marine Services fleet of AHTS vessels has varying capabilities and supports offshore mooring activities in water depths ranging from 300 to 8,000 feet. Most modern AHTS vessels are equipped with dynamic positioning (DP) systems that enable them to maintain a fixed position in close proximity to a rig without the use of tie-up lines.

Crew boats are used primarily to move cargo and personnel to and from offshore drilling rigs, platforms and other installations. Historically, crew boats transported people and were also used to deliver light cargo such as personal effects, small machinery and small quantities of fuel and water. These boats also served as field stand-by vessels, moving personnel between platforms and providing emergency stand-by services. Crew boats built prior to 1990 are generally 100 to 130 feet in length and are capable of 20 knots speed in light conditions and calm seas. Vessels built since 1998, also referred to as Fast Support Vessels (FSVs), range from 130 to 200 feet in length and are capable of speeds between 25 and 35 knots. Modern FSVs have enhanced cargo carrying capacities enabling them to support both drilling operations and production services. Vessels supporting deep water drilling are usually equipped with DP capabilities, ride control systems and firefighting equipment.

Mini-supply vessels are approximately 145 to 165 feet in length and typically carry deck cargo, liquid mud, methanol, diesel fuel and water. These vessels are typically used to support construction projects, maintenance work, certain drilling support activities and production support.

Standby safety vessels typically remain on location proximate to offshore rigs and production facilities to respond to emergencies. These vessels carry special equipment to rescue personnel and are equipped to provide first aid and shelter. These vessels sometimes perform a dual role, also functioning as supply vessels.

Supply vessels and *towing supply* vessels are generally more than 200 feet in length and are used to deliver cargo to rigs and platforms where drilling and work-over activity is underway or to support construction work by delivering pipe to vessels performing underwater installations. Supply vessels are distinguished from other vessels by the total carrying capacity (expressed as deadweight: dwt), available area of clear deck space, below-deck capacity for storage of mud and cement used in the drilling process and tank storage for water and fuel oil. The ability to hold station in open water and moderately rough seas is a key factor in differentiating supply vessels. To improve station keeping ability, certain supply vessels have DP capabilities. Towing supply vessels perform similar cargo delivery functions to those handled by supply vessels. They are, however, equipped with more powerful engines (4,000 8,000 bhp) and winches, giving them the added capability to perform general towing functions, buoy setting and limited anchor handling work.

Specialty includes anchor handling tugs, lift boats, accommodation, line handling and other vessels. These vessels generally have specialized features adapting them to specific applications including offshore maintenance and construction services, freight hauling services and accommodation services.

Markets

The demand for vessels is affected by the level of offshore exploration and drilling activities, which in turn is influenced by a number of factors including:

- expectations as to future oil and gas commodity prices
- customer assessments of offshore drilling prospects compared with land-based opportunities
- customer assessments of cost, geological opportunity and political stability in host countries
- worldwide demand for oil and natural gas

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the ability of The Organization of Petroleum Exporting Countries (OPEC) to set and maintain production levels and pricing

the level of production of non-OPEC countries

the relative exchange rates for the U.S. dollar

various United States and international government policies regarding exploration and development of oil and gas reserves

Offshore Marine Services operates vessels in six principal geographic regions. From time to time, vessels are relocated between these regions to meet customer demand for equipment. The table below sets forth vessel types by geographic market as of December 31 for the indicated years. Offshore Marine Services sometimes participates in joint venture arrangements in certain geographical locations in order to enhance marketing capabilities and facilitate operations in certain foreign markets. This allows for the expansion of Offshore Marine Services fleet and operations while diversifying risks and reducing capital outlays associated with such expansion.

	2010	2009	2008
United States, primarily U.S. Gulf of Mexico:			
Anchor handling towing supply	12	12	11
Crew	28	31	42
Mini-supply	4	7	13
Supply	9	8	8
Towing supply	2	2	2
Specialty	2	2	2
	57	62	78
Africa, primarily West Africa:			
Anchor handling towing supply	5	3	5
Crew	8	11	11
Supply	3	5	4
Towing Supply	3	5	5
Specialty	2	2	2
	21	26	27
Middle East:			
Crew	8	7	6
Mini-supply	4	4	2
Supply	3	4	5
Towing supply	2	3	3
Specialty	3	4	4
	20	22	20
Mexico, Central and South America:			
Anchor handling towing supply	1	6	2
Crew	6	6	11
Mini-supply	1		1
Supply	11	9	9
Specialty	4	1	1
	23	22	24

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	2010	2009	2008
United Kingdom, primarily North Sea:			
Standby safety	26	25	29
Asia:			
Anchor handling towing supply	2	2	2
Crew	2	2	5
Supply	1	1	1
Towing Supply	1	3	4
Specialty	1		
	7	8	12
Total Foreign Fleet	97	103	112
Total Fleet	154	165	190

United States. As of December 31, 2010, 57 vessels were operating in the U.S. Gulf of Mexico, including 34 owned, 17 leased-in, three joint ventured and three pooled. Offshore Marine Services expertise in this market is deepwater anchor handling with its fleet of AHTS vessels, and exploration and production support with its fleet of crew and mini-supply vessels. Over the last few years, the market has split between the traditional shallow water shelf activity and the developing deepwater market. The shelf market is highly price sensitive and quickly affected by movements in commodity prices. Customers in the deepwater market place greater emphasis on vessel specifications and features in addition to price.

Africa, primarily West Africa. As of December 31, 2010, 21 vessels were operating in West Africa, including 13 owned, three leased-in, three joint ventured and two managed. Offshore Marine Services operates primarily in Angola and Ghana, servicing large-scale, multi-year projects for major oil companies. The other vessels in this region operate from ports in the Republic of the Congo, Gabon, Equatorial Guinea and South Africa.

Middle East. As of December 31, 2010, 20 vessels were operating in the Middle East region, including 16 owned, one leased-in, two joint ventured and one managed. Offshore Marine Services vessels operating in this area generally support activities in countries along the Arabian Gulf and Arabian Sea, including the United Arab Emirates, Qatar, Egypt and India.

Mexico, Central and South America. As of December 31, 2010, 23 vessels were operating in Mexico, Central and South America, including twelve owned, one joint ventured and ten managed. Offshore Marine Services primary markets in this region are Brazil and Mexico.

United Kingdom, primarily North Sea. As of December 31, 2010, 26 vessels were operating in the North Sea, including 25 owned and one joint ventured. The North Sea fleet provides standby safety and supply services. Demand in the North Sea market for standby services developed in 1991 after the United Kingdom passed legislation requiring offshore operators to maintain higher specification standby safety vessels. The legislation requires a vessel to stand by to provide a means of evacuation and rescue for platform and rig personnel in the event of an emergency at an offshore installation.

Asia. As of December 31, 2010, seven vessels were operating in Asia, including four owned, two joint ventured and one managed. Offshore Marine Services vessels operating in this area generally support exploration programs. To date, Offshore Marine Services largest markets in this area have been Vietnam and Indonesia.

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Customers and Contractual Arrangements

The Offshore Marine Services segment earns revenues primarily from the time charter and bareboat charter of vessels to customers based upon daily rates of hire. Under a time charter, Offshore Marine Services provides a vessel to a customer and is responsible for all operating expenses, typically excluding fuel. Under a bareboat charter, Offshore Marine Services provides a vessel to the customer and the customer assumes responsibility for all operating expenses and assumes all risk of operation. Vessel charters may range from several days to several years. In the U.S. Gulf of Mexico, time charter durations and rates are typically established in the context of master service agreements that govern the terms and conditions of charter.

Offshore Marine Services principal customers are major integrated oil companies, large independent oil and gas exploration and production companies and emerging independent companies. Consolidation of oil and gas companies through mergers and acquisitions over the past several years has reduced Offshore Marine Services customer base. In 2010, no single customer was responsible for 10% or more of consolidated operating revenues. The ten largest customers of Offshore Marine Services accounted for approximately 60% of Offshore Marine Services operating revenues. The loss of one or a few of these customers could have a material adverse effect on Offshore Marine Services results of operations.

Competitive Conditions

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

Offshore Marine Services has numerous competitors in each of the geographical regions in which it operates, ranging from international companies that operate in many regions to smaller local companies that typically concentrate their activities in one specific region.

Risks of Foreign Operations

For the years ended December 31, 2010, 2009 and 2008, 53%, 63% and 52%, respectively, of Offshore Marine Services operating revenues were derived from foreign operations.

Foreign operations are subject to inherent risks, including, among others, political instability, asset seizures, blockades, blacklisting, nationalization of assets, terrorist attacks, piracy, kidnapping, fluctuating currency values, hard currency shortages, controls on currency exchange, the repatriation of income or capital, import-export quotas and other forms of public and governmental regulation, all of which are beyond the control of Offshore Marine Services. It is difficult to predict whether or when any of these conditions or events may develop in the future. The occurrence of any one or more of these conditions or events could have a material adverse effect on Offshore Marine Services financial position and its results of operations.

Aviation Services

Business

Aviation Services is primarily engaged in transportation services to the offshore oil and gas exploration, development and production industry, international aircraft leasing, transportation and customer-owned aircraft management services to hospitals (Air Medical Services) and flightseeing tours in Alaska. In addition, Aviation Services sells fuel and provides other services to corporate aircraft at its fixed base operation (FBO) at Ted Stevens Anchorage International Airport. It also provides aircraft and flight crews under contracts in support of fire-fighting, provides flight training services and provides emergency response search and rescue services. Aviation Services operates a Federal Aviation Administration (FAA) approved maintenance repair station in Lake Charles, Louisiana. Aviation Services contributed 9%, 14% and 15% of consolidated operating revenues in 2010, 2009 and 2008, respectively.

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Equipment and Services

The following tables identify the types of aircraft that comprise Aviation Services fleet as of December 31 for the indicated years. Owned are those majority owned by the Company. Joint Ventured are those owned by entities in which the Company does not have a controlling interest. Leased-in are those leased-in under operating leases. Managed are those owned by entities not affiliated with the Company but operated by Aviation Services for a fee. As of December 31, 2010, 134 aircraft were located in the United States and 42 were located in foreign jurisdictions.

	Owned(1)	Joint Ventured	Leased-in(2)	Managed	Total
2010					
Light helicopters single engine	51	6	3		60
Light helicopters twin engine	30		6	9	45
Medium helicopters	57		2	3	62
Heavy helicopters	9				9
	147	6	11	12	176
2009					
Light helicopters single engine	51	6	3		60
Light helicopters twin engine	33		6	8	47
Medium helicopters	53		3	3	59
Heavy helicopters	8				8
	145	6	12	11	174
2008					
Light helicopters single engine	51	6	6		63
Light helicopters twin engine	35		6	14	55
Medium helicopters	52		3	7	62
Heavy helicopters	7				7
	145	6	15	21	187

(1) Excludes two and three helicopters removed from service as of December 31, 2010 and 2009, respectively. During 2010, two helicopters were removed from service and disassembled for spare parts. Another helicopter that was removed from service as of December 31, 2009 was also disassembled for spare parts in 2010.

(2) Excludes three helicopters removed from service as of December 31, 2010 and 2009.

In typical configurations, *Light helicopters* are single or twin engine helicopters with a passenger capacity between five and seven, *Medium helicopters* are twin engine helicopters with a passenger capacity of up to 13 and *Heavy helicopters* are twin engine helicopters with a passenger capacity of up to 19.

Aviation Services has a 49% interest in an international sales, marketing and manufacturing organization focusing on after-market helicopter accessories.

Aviation Services has a 50% interest in a joint venture that provides instruction and flight simulator training to outside customers and Aviation Services employees.

Aviation Services has a 50% interest in a joint venture based in Spain that provides aviation transportation services.

Markets

Aviation Services current principal markets for its transportation and search and rescue services supporting the offshore oil and gas exploration, development and production industry are in the U.S. Gulf of Mexico and

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Alaska. In the U.S. Gulf of Mexico, the customers and locations are similar to those serviced by Offshore Marine Services and its market opportunities are subject to the same cycles and pressures as described in Item 1. Business Offshore Marine Services Markets. Other helicopter services to the oil and mining industries in Alaska are provided on a contract or charter basis from bases in Valdez, Anchorage, the Kenai area and Deadhorse.

Aviation Services also leases helicopters, primarily to foreign operators in Brazil, Europe and Southeast Asia. Air Medical Services operations are primarily in the northeastern United States, Florida and Tennessee. Flightseeing services in Alaska are operated out of Juneau and from areas near Denali National Park.

Seasonality

A significant portion of Aviation Services operating revenues and profits related to oil and gas industry activity is dependent on actual flight hours. The fall and winter months have fewer hours of daylight and flight hours are generally lower at these times. In addition, prolonged periods of adverse weather in the fall and winter months coupled with the effect of fewer hours of daylight can adversely impact operating results. In general, the months of December through February in the U.S. Gulf of Mexico and October through April in Alaska have more days of adverse weather conditions than the other months of the year. In the U.S. Gulf of Mexico, June through November is tropical storm season. During tropical storms, Aviation Services is unable to operate in the area of a storm although flight activity may increase immediately prior to and after storms due to the evacuation and return of offshore workers. The Alaska flightseeing operation is also seasonal with activity generally occurring from late May until early September.

Customers and Contractual Arrangements

Aviation Services charters its helicopters to utility and oil and gas customers primarily through master service agreements, term contracts, subscription agreements, day-to-day charter arrangements and leases. Master service agreements require incremental payments above a fixed rental fee based upon flight hours flown, have fixed terms ranging from one month to five years and generally are cancelable upon 30 days notice. Subscription agreements are priced and carry terms similar to master service agreements, and are for the provision of offshore emergency search and rescue services. Day-to-day charter arrangements call for a combination of a daily fixed rental fee plus a charge based on hours flown or an hourly rate. Leases can be either dry , providing only the equipment, or wet , providing equipment, insurance and personnel. The rate structure, as it applies to Aviation Services utility and oil and gas contracts, typically contains terms that limit its exposure to increases in fuel costs over a pre-agreed level. Fuel costs in excess of these levels are passed through to customers. With respect to flightseeing aircraft, block space is allocated to cruise lines and seats are sold directly to customers. Other markets for Aviation Services include international oil and gas industry support activities, agricultural support and general aviation activities.

Air Medical Services are provided under contracts with hospitals that typically include either a fixed monthly and hourly rate structure, similar to oil and gas, or a fee per completed flight. Most contracts with hospitals are longer term, but offer either party the ability to terminate with less than six months notice. Aviation Services operates some air medical contracts pursuant to which it collects a fee per flight, either from a hospital or an insurance company.

Aviation Services FBO in Alaska sells fuel and other services to a diverse group of general aviation companies and large corporations on an ad hoc basis. In addition, the FBO leases hangar space and provides fueling services for transient aircraft and the aviation assets of local companies.

Aviation Services principal customers in the U.S. Gulf of Mexico are oil companies of varying sizes and the U.S. government. In Alaska, its principal customers for helicopter services are oil and mineral companies and cruise line passengers.

In 2010, no single customer was responsible for 10% or more of consolidated operating revenues. The ten largest customers of Aviation Services accounted for approximately 59% of Aviation Services operating revenues. The loss of one or a few of its customers could have a material adverse effect on Aviation Services results of operations.

Competitive Conditions

The helicopter transportation business is highly competitive. Aviation Services is one of the largest helicopter companies operating in the U.S. Gulf of Mexico and one of the largest operating in Alaska. In the U.S. Gulf of Mexico, there are three major competitors: PHI, Inc., Bristow Group, Inc. and Rotorcraft Leasing Company LLC. In addition, several customers in the U.S. Gulf of Mexico operate their own helicopter fleets. In Air Medical Services, there are several major competitors with larger fleets than Aviation Services. In most instances, an operator must have an acceptable safety record, demonstrated reliability and suitable equipment to bid for work. Among bidders meeting these criteria, customers typically make their final choice based on price and aircraft preference.

Risks of Foreign Operations

Aviation Services operates worldwide. For the years ended December 31, 2010, 2009 and 2008, 24%, 15% and 10%, respectively, of Aviation Services operating revenues were derived from its foreign operations.

Foreign operations are subject to inherent risks, including, among others, political instability, asset seizures, blockades, blacklisting, nationalization of assets, terrorist attacks, piracy, kidnapping, fluctuating currency values, hard currency shortages, controls on currency exchange, the repatriation of income or capital, import-export quotas and other forms of public and governmental regulation, all of which are beyond the control of Aviation Services. It is difficult to predict whether or when any of these conditions or events may develop in the future. The occurrence of any one or more of these conditions or events could have a material adverse effect on Aviation Services financial condition and its results of operations.

Inland River Services

Business

Inland River Services owns, operates, invests in and markets inland river transportation equipment. The Company believes it operates one of the industry s newest fleets of dry cargo and liquid tank barges transporting agricultural and industrial commodities, and chemical and petrochemical products on the U.S. Inland River Waterways, primarily the Mississippi River, Illinois River, Tennessee River, Ohio River and their tributaries, and the Gulf Intracoastal Waterways. Inland River Services also owns towboats used for moving barges, fleeting operations and deck barges. It also manages barges for third parties. Inland River Services contributed 6%, 9% and 9% of consolidated operating revenues in 2010, 2009 and 2008, respectively.

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Equipment and Services

The following tables identify the types of equipment that comprise Inland River Services fleet as of December 31 for the indicated years. Owned are those majority owned by the Company. Joint Ventured are those owned by entities in which the Company does not have a controlling interest. Leased-in are those leased-in under operating leases. Pooled or Managed are owned by entities not affiliated with Inland River Services with operating revenues and voyage expenses pooled with certain barges of similar type owned by Inland River Services and the net results allocated to participants based upon the number of days the barges participate in the pool or are owned by entities not affiliated with the Company but operated by Inland River Services for a fee. 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.

	Owned	Joint Ventured	Leased-in	Pooled or Managed	Total
2010					
Inland river dry cargo barges	634	172	2	580	1,388
Inland river liquid tank barges	68		2	10	80
Inland river deck barges	26				26
Inland river towboats	17	15			32
Dry cargo vessel[(1)]		1			1
	745	188	4	590	1,527
2009					
Inland river dry cargo barges	581	262	2	550	1,395
Inland river liquid tank barges	51	34	2		87
Inland river deck barges	26				26
Inland river towboats	17	12			29
Dry cargo vessel[(1)]		1			1
	675	309	4	550	1,538
2008					
Inland river dry cargo barges	586	262	7	122	977
Inland river liquid tank barges	51	33	2		86
Inland river deck barges	26				26
Inland river towboats	17	5			22
	680	300	9	122	1,111

(1) Argentine-flag.

As of December 31, the average age (in years) of Inland River Services owned and joint ventured fleet was as follows:

	2010	2009	2008
Dry cargo barges	6	6	4
Liquid tank barges 10,000 barrel	14	19	12
Liquid tank barges 30,000 barrel	8	7	8
Deck barges	3	2	1
Towboats[(1)]	37	35	39

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

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Inland barges are unmanned and are moved on the U.S. Inland River Waterways by towboats. The combination of a towboat and dry cargo barges is commonly referred to as a tow. The Inland River Services dry cargo fleet consists of hopper barges, which can be open for the transport of commodities that are not sensitive to water such as coal, aggregate and scrap, or covered for the transport of water sensitive products, such as grain, ores, alloys, cements and fertilizer. Each dry cargo barge in the Inland River Services fleet is capable of transporting approximately 1,500 to 2,000 tons (1,350 to 1,800 metric tons) of cargo. The carrying capacity of a barge at any particular time is determined by water depth in the river channels and hull size of the barge. Adverse river conditions, such as high water resulting from excessive rainfall or low water caused by drought, can also impact operations by limiting the speed at which tows travel the U.S. Inland River Waterways, the number of barges included in tows and the quantity of cargo that is loaded in the barges.

Typical dry cargo voyage activity requires 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 next destination. After unloading, it is shifted to a fleeting area for cleaning and repair, if needed, before being moved again into a load position. Typically, grain cargos move southbound and non-grain cargos move northbound. Generally, Inland River Services attempts to coordinate the logistical match-up of northbound and southbound movements of cargo to minimize repositioning costs.

Inland River Services fleet of 10,000 barrel liquid tank barges transports liquid bulk commodities such as lube oils, solvents and glycols. The operations of these barges are similar to those of the dry cargo barges described above. Inland River Services fleet of 30,000 barrel liquid tank barges transports refined petroleum products and black oil products and are normally chartered-out as unit tows consisting of two to three barges along with a towboat working in patterns prescribed by the customer. Inland River Services is responsible for providing manpower for the towboats working in such operations.

In addition to its primary barge business, Inland River Services:

- Owns a fleeting operation, which is a staging area for grouping barges in preparation for movements up and down the river and a holding area for barges waiting to load and unload cargo. This fleeting operation is managed by a third party.
- Owns a tank farm and handling facility in Sauget, Illinois. The facility is multi-modal, supporting truck, rail, unit trains and barges, and commenced operations in May 2008.
- Provides a broad range of services including machine shop, gear and engine repairs, repair of barges and towboats at convenient drydocking locations strategically located on the U.S. Inland River Waterways, and a 24-hour shore side tankering business.
- Has a 50% interest in a joint venture that operates a grain and fertilizer storage and handling facility in McLeansboro, Illinois.
- Has a 50% interest in a joint venture with a third party in South America that, as of December 31, 2010, operated nine towboats and 172 dry cargo barges on the Parana-Paraguay Rivers along with a transshipment terminal at the Port of Ibicuy, Argentina.
- Has a 50% interest in a joint venture that operates six inland river towboats on the U.S. Inland River Waterways.
- Has a 50% interest in a joint venture that operates a dry cargo vessel in South America.

Markets

The market for Inland River Services is driven by supply and demand economics, which impacts prices, margins achieved and utilization of Inland River Services assets. The relationship between supply and demand reflects many factors, including:

the level of domestic and international production of the basic agricultural products to be transported (in particular, the yield from grain harvests)

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- 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
- domestic and worldwide demand for iron ore, steel, steel by-products, coal, ethanol, petroleum and other bulk commodities
- strength or weakness of the U.S. dollar
- the cost of ocean freight and the cost of fuel

Within the United States, other local factors also have an effect on pricing and margins, including:

- the supply of barges available to move the products
- the cost of qualified wheelhouse personnel
- the ability to position the barges to maximize efficiencies and utility in moving cargos both northbound and southbound
- the cost of alternative forms of transportation (primarily rail)
- general operating logistics on the river network including size and operating status of locks and dams
- the effect of river levels on the loading capacities of the barges in terms of draft restrictions
- regulations

Seasonality

During harsh winters the upper Mississippi River usually closes to barge traffic from mid-December to mid-March. Ice often hinders the navigation of barge traffic on the mid-Mississippi River, the Illinois River and the upper Ohio River during the same period. The volume of grain transported from the Midwest to the Gulf of Mexico, which is primarily for export, is greatest during the harvest season from mid-August through late November. The harvest season is particularly significant because pricing tends to peak during these months in response to higher demand for equipment.

Customers and Contractual Arrangements

The principal customers for Inland River Services are major agricultural companies, major integrated oil companies and industrial companies. In 2010, no single customer was responsible for 10% or more of consolidated operating revenues. The ten largest customers of Inland River Services accounted for approximately 71% of Inland River Services revenues in 2010. The loss of one or a few of its customers would be unlikely to have a material adverse effect on Inland River Services results of operations.

Most of Inland River Services dry cargo barges are employed under contracts of affreightment that can vary in duration, ranging from one voyage to several years. For longer term contracts, base rates may be adjusted in response to changes in fuel prices and operating expenses. Some longer term contracts provide for the transport of a minimum number of tons of cargo or specific transportation requirements for a particular customer. Some barges are bareboat chartered-out to third parties for a fixed payment of hire per day for the duration of the charter.

These contracts tend to be longer, ranging in term from one to five years.

Inland River Services generally charges a price per ton for point to point transportation of dry bulk commodities. Customers are permitted a specified number of days to load and discharge the cargo and thereafter pay a per diem demurrage rate for extra time. From time to time, dry cargo barges may be used for storage for a period prior to delivery.

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Inland River Services 10,000 barrel liquid tank barges are either chartered-out on term contracts ranging from one to five years or marketed on the spot market.

Inland River Services 30,000 barrel liquid tank barges are marketed primarily as unit tows under term contracts ranging from one to five years.

Inland River Services tank farm and handling facility is marketed on a tariff system driven by throughput volume.

Competitive Conditions

Generally, Inland River Services believes the primary barriers to effective competitive entry into the U.S. Inland River Waterways markets are the complexity of operations, the consolidation of the inland river towing industry and the difficulty in assembling a large enough fleet and an experienced staff to execute voyages efficiently and re-position barges effectively to optimize their use. The primary competitive factors among established operators are price, availability and reliability of barges and equipment of a suitable type and condition for a specific cargo.

Inland River Services main competitors are other barge lines. Railroads and liquid pipelines also compete for traffic that might otherwise move on the U.S. Inland River Waterways.

The Company believes that 67% of the domestic dry cargo fleet is controlled by five companies and 60% of the domestic liquid barge industry fleet is controlled by five companies.

Risks of Foreign Operations

Inland River Services foreign operations primarily consist of its joint ventures operating in foreign jurisdictions.

Foreign operations are subject to inherent risks, including, among others, political instability, asset seizures, blockades, blacklisting, nationalization of assets, terrorist attacks, piracy, kidnapping, fluctuating currency values, hard currency shortages, controls on currency exchange, the repatriation of income or capital, import-export quotas and other forms of public and governmental regulation, all of which are beyond the control of Inland River Services. It is difficult to predict whether or when any of these conditions or events may develop in the future. The occurrence of any one or more of these conditions or events could have a material adverse effect on Inland River Services financial position and its results of operations.

Marine Transportation Services

Business

Marine Transportation Services fleet consists of eight U.S.-flag product tankers, of which six are owned and two are leased, providing marine transportation services for petroleum products and chemicals moving in the U.S. domestic coastwise trade. Marine Transportation Services contributed 3%, 5% and 7% of consolidated operating revenues in 2010, 2009 and 2008, respectively.

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Equipment and Services

The Oil Pollution Act of 1990 (OPA 90) prohibits vessels without double-hulls from transporting crude oil and petroleum products in U.S. coastwise transportation after certain dates based on the age and carrying capacity of the vessel. In addition, single-hulled vessels will be prohibited from transporting petroleum products in most international markets under a phase-out schedule established by the International Maritime Organization (IMO). The table below sets forth the Marine Transportation Services fleet as of December 31, 2010.

Name of Vessel	Capacity in barrels	Tonnage in dwt(1)	OPA 90 Retirement date	Type
Seabulk Trader	294,000	48,700	None	Double-hull
Seabulk Challenge	294,000	48,700	None	Double-hull
California Voyager(2) (formerly HMI Brenton Reef)	341,000	45,000	None	Double-hull
Oregon Voyager(2) (formerly Seabulk Energy)	341,000	45,000	None	Double-hull
Seabulk Arctic	340,000	46,000	None	Double-hull
Mississippi Voyager (formerly Seabulk Mariner)	340,000	46,000	None	Double-hull
Florida Voyager (formerly Seabulk Pride)	340,000	46,000	None	Double-hull
Seabulk America	297,000	46,300	2015	Double-bottom

(1) Deadweight tons or dwt .

(2) Leased-in vessel.

Markets

Petroleum Product Transportation. In the domestic energy trade, oceangoing vessels transport fuel and other petroleum products primarily from refineries and storage facilities along the coast of the U.S. Gulf of Mexico to utilities, waterfront industrial facilities and distribution facilities along the U.S. Gulf of Mexico, and the U.S. Atlantic and Pacific coasts. The number of U.S.-flag oceangoing vessels eligible to participate in the U.S. domestic trade and capable of transporting fuel or petroleum products has fluctuated in recent years as vessels have reached the end of their useful lives or have been retired due to OPA 90 requirements and newbuilds are placed into service.

Chemical Transportation. In the U.S. domestic coastwise chemical transportation trade, vessels carry chemicals, primarily from chemical manufacturing plants and storage facilities along the coast of the U.S. Gulf of Mexico to industrial users in and around U.S. Atlantic and Pacific coast ports. The chemicals transported consist primarily of caustic soda, paraxylene, alkylates, toluene and lubricating oils. Some of the chemicals must be carried in vessels with specially coated or stainless steel cargo tanks and many of them are sensitive to contamination and require special cargo-handling equipment.

Customers and Contractual Arrangements

The primary purchasers of petroleum product transportation services are multinational oil and gas companies, refining companies, oil trading companies and large industrial consumers of fuel with waterfront facilities. The primary purchasers of chemical transportation services are chemical and oil companies. Both services are generally contracted on the basis of short-term or long-term time charters, voyage charters, and contracts of affreightment or other transportation agreements tailored to the shipper s requirements. In 2010, no single customer was responsible for 10% or more of consolidated operating revenues. The ten largest customers of Marine Transportation Services accounted for approximately 100% of its operating revenues. The loss of one or a few of these customers could have a material adverse effect on Marine Transportation Services results of operations.

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Under a time charter, Marine Transportation Services provides a vessel to a customer and is responsible for all operating expenses, typically excluding fuel and port charges. Under a bareboat charter, Marine Transportation Services provides a vessel to a customer and the customer assumes responsibility for all operating expenses and assumes all risk of operation. Vessel charters may range from several days to several years. Voyage contracts are contracts to carry cargos on a single voyage basis regardless of time to complete. Contracts of affreightment are contracts for cargos 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.

Competitive Conditions

The markets in which the Marine Transportation Services fleet operates are highly competitive. Primary direct competitors are other operators of U.S.-flag ocean-going tank vessels and chemical carriers, operators of articulated tug and barge units and operators of refined product pipelines. The U.S. Jones Act shipping market is a trade that is not available to foreign-based competition. The most important competitive factors are pricing, vessel age and vessel availability to fit customer requirements as well as customer preference for double-hull vessels even though single hull vessels are still eligible to trade.

Environmental Services

Business

Environmental Services primarily provides emergency preparedness and response services to oil, chemical, industrial and marine transportation clients, and government agencies in the United States and abroad. In the United States, these services are generally rendered to those clients who store, transport, produce or handle petroleum and certain non-petroleum oils that are subject to the provisions of OPA 90 and various other federal, state and municipal regulations. Internationally, these services may be required by legislation and regulation of countries, international maritime conventions and environmental covenants placed on clients by their lending institutions. To a lesser extent, Environmental Services provides emergency preparedness and response services to governmental agencies arising from natural disasters and homeland security issues such as debris removal monitoring, public assistance projects, bio-terrorism, pandemic influenza and port security. Environmental Services also provides other services to oil, chemical, industrial and government clients including hazardous waste management, industrial and marine cleaning, salvage support, petroleum storage tank removal, pipeline repair and site remediation services. Business is conducted primarily through the Company s wholly owned subsidiaries: National Response Corporation (NRC), O Brien s Response Management Inc. and SEACOR Environmental Services International Limited. Environmental Services contributed 33%, 8% and 10% of consolidated operating revenues in 2010, 2009 and 2008, respectively.

Products and Services

Environmental Services employs trained personnel and maintains specialized equipment positioned in the United States and in certain locations outside the United States to respond to oil and chemical spills, other emergencies and customer projects. A fleet of specialized vessels and barges outfitted with oil spill equipment is positioned on the East, Gulf and West coasts of the United States as well as in the Caribbean and Hawaii. Oil and chemical spill response equipment are also stationed in certain international locations in Africa, the Caspian and Black Sea Region, the Far East and the Middle East. Environmental Services has established a network of approximately 180 independent oil spill response contractors that may assist it by providing equipment and personnel.

Environmental Services offers retainer contracts to the maritime community, such as operators of tank and non-tank vessels and chemical carriers, and to owners of facilities, such as refineries, pipelines, exploration and production platforms, power plants and storage tank and transportation terminals. Retainer contracts provide customers with access to professional response management and specialized equipment necessary to respond to an oil or chemical spill emergency and facilitate compliance with regulations such as OPA 90.

Environmental Services provides a range of prevention, business continuity, crisis communication, software, media, safety and security consultancy, and training services around the world to assist oil, chemical, industrial, marine transportation, financial services and government customers in the prevention of, and response to, an extensive variety of environmental emergencies on both a retained and stand-alone basis. Environmental Services assists customers in the selection and training of personnel in the use of environmental equipment and products. In addition, Environmental Services provides a service to state, county and other local government agencies assisting them with claim reimbursement from the federal government, through agencies such as the Federal Emergency Management Agency (FEMA) and the Federal Highway Administration. Furthermore, it provides oversight of clean-up and debris management required after hurricanes, floods and other natural disasters.

Environmental Services provides industrial and remediation services to oil, chemical, industrial and government clients. These services include hazardous waste management, industrial and marine cleaning, salvage support, petroleum storage tank removal, pipeline repair and site remediation services.

Markets

The market for contractual oil spill preparedness, response and other related training and consulting services in the United States resulted from the enactment of OPA 90. OPA 90 and several subsequent regulations promulgated by the Department of Transportation, Environmental Protection Agency (EPA), the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE), a division of the U.S. Department of Interior, and the U.S. Coast Guard (USCG) require that all tank vessels operating within the 200-mile Exclusive Economic Zone of the United States and all facilities and pipelines handling oil that could have a spill affecting the navigable waters of the United States develop plans to respond to a worst case oil spill and ensure by contract or other approved means the ability to respond to such a spill.

The market for vessel security assessments, security plans, security training and exercises and other related services is for clients required to comply with the Maritime Transportation Security Act of 2002. Homeland Security services are marketed to government agencies to assist with efforts to improve emergency preparedness and response capabilities.

In the international market for oil spill response services, Environmental Services seeks to develop opportunities with governments, other agencies and international oil and gas exploration and production companies to establish and operate the necessary response capability. International crisis management and business continuity services focus on middle and senior management and are marketed to a broad range of industry sectors such as oil and gas, chemical, financial services, transportation and other industries.

The market for government services in the United States includes federal, state, county, city, and other subdivisions and agencies. Services are typically provided in association with specific funding sources, such as FEMA reimbursement, Homeland Security Grants, municipal budgets and other agency funding.

Customers and Contractual Arrangements

Environmental Services offers its services primarily to the domestic and international shipping community, major oil companies, independent exploration and production companies, pipeline and transportation companies, power generating operators, industrial companies, airports and state and local government agencies. Services are provided pursuant to contracts generally ranging from one month to ten years. In 2010, one Environmental Services customer (BP p.l.c.) was responsible for 28%, of consolidated operating revenues. The ten largest customers of Environmental Services accounted for approximately 89% of Environmental Services operating revenues. The loss of a single large client or a group of mid-size customers could have a material adverse effect on Environmental Services results of operations.

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Competitive Conditions

The principal competitive factors in the environmental service business are price, customer service, reputation, experience, qualifications, availability of personnel and operating capabilities. In the United States, qualifications include USCG classification as an Oil Spill Removal Organization (OSRO). Environmental Services NRC is a USCG classified OSRO and it faces competition primarily from the Marine Spill Response Corporation, a non-profit OSRO funded by the major integrated oil companies. NRC also faces competition from other non-profit industry cooperatives and from those commercial contractors who target specific market niches in response, consulting and remediation. Internationally, competition for both oil spill response and emergency preparedness and management comes from a few private companies and regional oil industry cooperatives. Consulting and training service competitors range from small independent privately owned businesses to large engineering consulting groups and major defense contractors.

Risks of Foreign Operations

Environmental Services operates worldwide. For the years ended December 31, 2010, 2009 and 2008, 3%, 14% and 20%, respectively, of Environmental Services operating revenues were derived from its foreign operations.

Foreign operations are subject to inherent risks, including, among others, political instability, asset seizures, blockades, blacklisting, nationalization of assets, terrorist attacks, piracy, kidnapping, fluctuating currency values, hard currency shortages, controls on currency exchange, the repatriation of income or capital, import-export quotas and other forms of public and governmental regulation, all of which are beyond the control of Environmental Services. It is difficult to predict whether or when any of these conditions or events may develop in the future. The occurrence of any one or more of these conditions or events could have a material adverse effect on Environmental Services financial condition and its results of operations.

Commodity Trading and Logistics

Business

Commodity Trading and Logistics operates an integrated business involved in the purchase, storage, transportation and sale of agricultural and energy commodities. The principal commodities currently involved are sugar, ethanol, clean blendstocks and crude oil. Commodity Trading and Logistics contributed 28%, 28% and 13% of consolidated operating revenues in 2010, 2009 and 2008, respectively.

Products and Services

Energy. The energy group is primarily focused on the domestic merchandising (often referred to as trading) and transportation of physical ethanol, clean blendstocks, heavy naphtha and crude oil. The energy group also operates, through an investment in a joint venture, a food and fuel grade processing plant which produces beverage and industrial alcohol and fuel-grade ethanol. The output of the plant is sold primarily to the energy group and its joint venture partner.

Agricultural. The agricultural group is primarily focused on the global origination, trading and merchandising of sugar. The group s involvement in sugar pairs producers and buyers and arranges for the transportation and logistics of the product.

Commodity Trading and Logistics uses a variety of transportation modes to transport its products, including trucks, railcars, river barges, pipelines and ocean going vessels, which are generally leased. The transportation services are typically provided by truck lines, railroads, pipelines and barge and ocean freight companies. Commodity Trading and Logistics leverages the asset base of SEACOR s other business units, primarily Inland River Services, including its tank farm and handling facility in Sauget, IL, for the transportation and storage of product.

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Markets

Commodity Trading and Logistics activities are global and dependent upon factors that Commodity Trading and Logistics cannot control, including macro and micro economic supply and demand factors, governmental intervention or mandates, weather patterns, and the price and availability of substitute products. With respect to sugar, the primary markets in which Commodity Trading and Logistics operate are countries that are net importers of sugar and include countries in South America and the Caribbean. Commodity Trading and Logistics produces, purchases, markets and sells ethanol to customers for blending into the U.S. gasoline pool and transports clean blendstocks for export.

The availability of agricultural commodities is affected by weather, plant diseases, governmental policies and agricultural growing patterns. Sugar demand is affected by worldwide consumption of food products, soft drinks and sweetened beverages, and by population growth, changes in per capita income and the relative prices of substitute sweeteners.

Ethanol demand is subject to overall gasoline demand and gasoline blending economics, governmental policies and mandates, the cost of the production of feedstock commodities such as corn and sugar, gasoline and oil prices, freight and handling costs. The demand for the clean blendstocks depends primarily on oil and natural gas liquids prices.

Customers and Contractual Arrangements

The principal purchasers of Commodity Trading and Logistics sugar are private importers and distributors. Commodity Trading and Logistics sells ethanol and blendstocks primarily to end users (gasoline blenders and their suppliers) and other market participants and may also purchase, sell, or exchange product with other market participants to optimize logistics or hedge market exposure.

In 2010, no single customer was responsible for 10% or more of consolidated operating revenues. The ten largest customers of Commodity Trading and Logistics accounted for approximately 76% of Commodity Trading and Logistics operating revenues. The loss of one or a few of these customers could have a material adverse effect on Commodity Trading and Logistics results of operations.

Competitive Conditions

The commodity trading and logistics business is highly competitive. Major competitors for the agricultural group include large agribusiness, major and independent trading houses and regional or local grower cooperatives. Major competitors for the energy group include other marketers, traders and other product suppliers.

Risk of Foreign Operations

For the year ended December 31, 2010, 2009 and 2008, 21%, 38% and 59%, respectively, of Commodity Trading and Logistics operating revenues were derived from foreign operations.

Foreign operations are subject to inherent risks, including, among others, political instability, asset seizures, blockades, blacklisting, nationalization of assets, terrorist attacks, piracy, kidnapping, fluctuating currency values, hard currency shortages, controls on currency exchange, the repatriation of income or capital, import-export quotas and other forms of public and governmental regulation, all of which are beyond the control of Commodity Trading and Logistics. It is difficult to predict whether or when any of these conditions or events may develop in the future. The occurrence of any one or more of these conditions or events could have a material adverse effect on Commodity Trading and Logistics financial condition and its results of operations.

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Other

Harbor and Offshore Towing Services. As of December 31, 2010, Harbor and Offshore Towing Services operated a total of five ocean liquid tank barges and 30 vessels, of which 15 were conventional tugs, eight were Azimuth Stern Drive tugs, three were Forward Azimuth Drive tugs and four were Ship Docking Modules (SDM). SDMs are innovative vessels designed and patented by the Company that are maneuverable, efficient and flexible and require fewer crew members than conventional harbor tugs. In 2010, no single customer was responsible for 10% or more of consolidated operating revenues. The ten largest customers of Harbor and Offshore Towing Services accounted for approximately 54% of Harbor and Offshore Towing Services operating revenues. The loss of one or a few of these customers could have a material adverse effect on Harbor and Offshore Towing Services results of operations.

As of December 31, 2010, Harbor and Offshore Towing Services fleet consisted of 30 tugs and five ocean liquid tank barges. The tugs were operating in various ports including four in Port Everglades, FL, four in the Port of Tampa, FL, one in Port Canaveral, FL, seven in Port Arthur, TX, four in Port Mobile, AL, four in Lake Charles, LA and one was engaged in offshore towing operations. In addition, five tugs and five ocean liquid tank barges were operating in St. Eustatius.

Other Joint Ventures, Leasing and Other Activities. The Company has noncontrolled equity investments in various entities including a company that designs and manufactures water treatment systems for sale or lease and three industrial aviation service businesses in Asia. The Company also engages in lending and leasing activities.

Government Regulation

Regulatory Matters

The Company s operations are subject to significant United States federal, state and local regulations, as well as international conventions and the laws of foreign jurisdictions where the Company operates its equipment or where the equipment is registered. The Company s domestically registered vessels are subject to the jurisdiction of the USCG, the National Transportation Safety Board (NTSB), the U.S. Customs Service and the U.S. Maritime Administration, as well as to the rules of private industry organizations such as the American Bureau of Shipping. These agencies and organizations establish safety standards and are authorized to investigate vessels and accidents and to recommend improved maritime safety standards. Aviation Services is subject to regulations pursuant to the Federal Aviation Act of 1958, as amended (Federal Aviation Act), and other statutes pursuant to Federal Aviation Regulations Part 135 Air Taxi Certificate granted by the FAA. The FAA regulates flight operations and, in this respect, has jurisdiction over Aviation Services personnel, aircraft, ground facilities and certain technical aspects of its operations. In addition to the FAA, the NTSB is authorized to investigate aircraft accidents and to recommend improved safety standards. The Company is also subject to the Communications Act of 1934, as amended, because of the use of radio facilities in Aviation Services operations.

Offshore Marine Services, Marine Transportation Services and Inland River Services are subject to the Shipping Act, 1916, as amended (1916 Act), and the Merchant Marine Act of 1920, as amended (1920 Act, or Jones Act and, together with the 1916 Act, Shipping Acts), which govern, among other things, the ownership and operation of vessels used to carry cargo between U.S. ports known as U.S. coastwise trade. The Shipping Acts require that vessels engaged in U.S. coastwise trade be owned by U.S. citizens and built in the United States. For a corporation engaged in the U.S. coastwise trade to be deemed a U.S. citizen: (i) the corporation must be organized under the laws of the United States or of a state, territory or possession thereof, (ii) each of the chief executive officer and the chairman of the board of directors of such corporation must be a U.S. citizen, (iii) no more than a minority of the number of directors of such corporation necessary to constitute a quorum for the transaction of business can be non-U.S. citizens and (iv) at least 75% of the interest in such corporation must be owned by U.S. citizens (as defined in the Shipping Acts). Should the Company fail to comply with the U.S. citizenship requirements of the Shipping Acts, it would be prohibited from operating its vessels in the U.S. coastwise trade during the period of such non-compliance.

To facilitate compliance with the Shipping Acts, SEACOR s Restated Certificate of Incorporation: (i) limits the aggregate percentage ownership by non-U.S. citizens of any class of SEACOR s capital stock (including Common Stock) to 22.5% of the outstanding shares of each such class to ensure that such foreign ownership will not exceed the maximum percentage permitted by applicable maritime law (presently 25%) but authorizes SEACOR s Board of Directors, under certain circumstances, to increase the foregoing percentage to 24%, (ii) requires institution of a dual stock certification system to help determine such ownership and (iii) permits the Board of Directors to make such determinations as reasonably may be necessary to ascertain such ownership and implement such limitations. In addition, SEACOR s by-laws provide that the number of non-U.S. citizen directors shall not exceed a minority of the number necessary to constitute a quorum for the transaction of business and restrict any non-U.S. citizen officer from acting in the absence or disability of the Chairman of the Board of Directors, the Chief Executive Officer or the President.

Aviation Services helicopters operating in the United States are subject to registration and citizenship requirements under the Federal Aviation Act. This Act requires that before an aircraft may be legally operated in the United States, it must be owned by citizens of the United States, which, in the case of a corporation, means a corporation: (i) organized under the laws of the United States or of a state, territory or possession thereof, (ii) of which at least 75% of its voting interests are owned or controlled by persons who are U.S. citizens (as defined in the Federal Aviation Act and regulations promulgated thereunder), and (iii) of which the president and at least two-thirds of the board of directors and managing officers are U.S. citizens.

Marine Transportation Services, Inland River Services, Harbor and Offshore Towing Services and Offshore Marine Services operate vessels that are registered in the United States. Offshore Marine Services, Harbor and Offshore Towing Services, and an Inland River Services joint venture operate vessels registered in a number of foreign jurisdictions. Vessels registered in these jurisdictions are subject to the laws of the applicable jurisdiction as to ownership, registration, manning and safety. In addition, the vessels are subject to the requirements of a number of international conventions that are applicable to vessels depending on their jurisdiction of registration. Among the more significant of these conventions are: (i) the 1978 Protocol Relating to the International Convention for the Prevention of Pollution from Ships, (ii) the International Convention on the Safety of Life at Sea, 1974 and 1978 Protocols, and (iii) the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, 1978. The Company believes that its vessels registered in foreign jurisdictions are in compliance with all applicable material regulations and have all licenses necessary to conduct their business. In addition, vessels operated as standby safety vessels in the North Sea are subject to the requirements of the Department of Transport of the United Kingdom pursuant to the United Kingdom Safety Act.

All of Marine Transportation Services , Harbor and Offshore Towing Services , certain of Offshore Marine Services vessels and all of Inland River Services liquid tank barges are subject to periodic inspection and survey by, and drydocking and maintenance requirements of, the USCG and/or the American Bureau of Shipping and other marine classification societies. Moreover, to ensure compliance with applicable safety regulations, the USCG is authorized to inspect vessels at will.

NRC is classified by the USCG as an OSRO for every port in the continental United States, Hawaii and the Caribbean. The OSRO classification process is strictly voluntary. Vessel owners and other customers subject to OPA 90 who utilize classified OSROs are exempt from the requirement to list their response resources in their plans. The classification process permits the USCG and these customers to evaluate the ability of an OSRO to respond to and recover oil spills of various types and sizes in different operating environments and geographic locations.

In addition to the USCG, the EPA, the Office of Pipeline Safety, the Bureau of Ocean Energy (BOE) and certain individual states regulate vessels, facilities and pipelines in accordance with the requirements of OPA 90 or under analogous state law. There is currently little uniformity among the regulations issued by these agencies.

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When responding to third-party oil spills, Environmental Services enjoys immunity from liability under federal law and some state laws for any spills arising from its response efforts, except in the event of death or personal injury as a result of its gross negligence or willful misconduct.

Environmental Compliance

As more fully described below, all of the Company s businesses are, to some degree, 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 navigable waters. Violations of these laws may result in civil and criminal penalties, fines, injunctions or other sanctions.

The Company believes that its operations are currently in compliance with all material environmental laws and regulations. It does not expect that it will be required to make capital expenditures in the near future that are material to its financial position or operations to comply with environmental laws and regulations; however, because such laws and regulations are frequently changing and may impose increasingly strict requirements, the Company cannot predict the ultimate cost of complying with these laws and regulations. The recent trend in environmental legislation and regulation is generally toward stricter standards, and it is the Company s view that this trend is likely to continue.

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 and owners and operators of vessels operating in U.S. waters, which include the navigable waters of the United States and the 200-mile Exclusive Economic Zone of the United States. Although it appears to apply in general to all vessels, for purposes of its liability limits and financial responsibility and response planning requirements, OPA 90 differentiates between tank vessels (which include the Company s chemical and petroleum product vessels and liquid tank barges) and other vessels (which include the Company s tugs, offshore support vessels and dry cargo barges).

Under OPA 90, owners and operators of regulated facilities and owners and operators or certain charterers of vessels are responsible parties and are jointly, severally and strictly liable for removal costs and damages arising from facility and vessel oil spills unless the spill results solely from the act or omission of certain third parties under specified circumstances, an act of God or an act of war. 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 the United States government, a state or political subdivision thereof, 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, safety or other hazards; and (vi) loss of subsistence use of available natural resources.

The statutory liability of responsible parties for tank vessels is limited to the greater of $1,200 per gross ton or $10 million ($2 million for a vessel of 3,000 gross tons or less) per vessel; for any other vessel, such liability is limited to the greater of $600 per gross ton or $500,000 per vessel. 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 certain governmental orders.

Under OPA 90, with certain limited exceptions, all newly-built oil tankers carrying crude oil and petroleum products in U.S. waters must have double-hulls. Existing single-hull, double-side or double-bottom tank vessels, unless retrofitted with double-hulls, must be phased out of service by January 1, 2015, depending upon the vessel s size, age and place of discharge.

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OPA 90 expanded pre-existing financial responsibility requirements and requires tank vessel owners and operators to establish and maintain with the USCG evidence of insurance or qualification as a self-insurer or other evidence of financial responsibility sufficient to meet their potential liabilities under OPA 90. The Company has satisfied USCG regulations by providing evidence of financial responsibility demonstrated by commercial insurance and self-insurance. The regulations also implement the financial responsibility requirements of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), described below, which imposes liability for discharges of hazardous substances such as chemicals, in an amount equal to $300 per gross ton, thus increasing the overall financial responsibility in the case of tank vessels from $1,200 to $1,500 per gross ton.

OPA 90 amended the Clean Water Act (CWA), described below, to require the owner or operator of certain facilities or of a tank vessel to prepare facility or vessel response plans and to contract with oil spill removal organizations to remove, to the maximum extent practicable, a worst-case discharge. The Company has complied with these requirements. The Company expects its pollution liability insurance to cover any cost of spill removal subject to overall coverage limitations of $1.0 billion; however, a failure or refusal of the insurance carrier to provide coverage in the event of a catastrophic spill could result in material liability in excess of available insurance coverage, resulting in a material adverse effect on the Company s business, financial position or its results of operations.

OPA 90 allows states to impose their own liability regimes with respect to oil pollution incidents occurring within their boundaries and many states have enacted legislation providing for unlimited liability for oil spills. Some states have issued regulations addressing financial responsibility and vessel and facility response planning requirements. The Company does not anticipate that state legislation or regulations will have any material impact on its operations.

In addition to OPA 90, the following are examples of environmental laws that relate to the Company s business and operations:

The federal CWA and comparable state and local laws impose restrictions on the discharge of pollutants into the navigable waters of the United States. These laws also provide for civil and criminal penalties, as well as injunctive relief, for violations. A related statute, the Coastal Zone Management Act, authorizes state development and implementation of programs to manage non-point source pollution to restore and protect coastal waters.

The federal Resource Conservation and Recovery Act and comparable state and local laws regulate the generation, transportation, treatment, storage and disposal of hazardous and certain non-hazardous wastes. These laws also provide for civil and criminal penalties, as well as injunctive relief, for violations. The Company s operations may generate or, in some cases, result in the transportation of these regulated wastes.

CERCLA and comparable state laws establish strict and, under certain circumstances, joint and several liabilities for specified parties in connection with liability for the investigation and remediation of releases of hazardous materials into the environment and damages to natural resources.

The federal Clean Air Act and comparable state and local laws impose restrictions on the emission of air pollutants into the atmosphere. These laws also provide for civil and criminal penalties, as well as injunctive relief, for violations. The Company s chemical and petroleum product carrier vessels are subject to vapor control and recovery requirements when loading, unloading, ballasting, cleaning and conducting other operations in certain ports and are equipped with vapor control systems that satisfy these requirements in all material respects.

The Company manages exposure to losses from the above-described laws through its efforts to use only well-maintained, well-managed and well-equipped facilities and vessels and its development of safety and environmental programs, including a maritime compliance program and its insurance program. The Company

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believes it will be able to accommodate reasonably foreseeable environmental regulatory changes. There can be no assurance, however, that any future regulations or requirements or that any discharge or emission of pollutants by the Company will not have a material adverse effect on the Company s business, financial position or its results of operations.

Security

Heightened awareness of security needs brought about by the events of September 11, 2001 has caused the USCG, the IMO, states and local ports to adopt heightened security procedures relating to ports and vessels. The Company has updated its procedures in light of the new requirements.

In 2002, Congress passed the Maritime Transportation Security Act (MTSA), which together with the IMO s recent security proposals (collectively known as the International Ship and Port Facility Security Code or ISPS), requires specific security plans for the Company s vessels and rigorous crew identification requirements. The following vessels are subject to the requirements of the ISPS:

- U.S.-flag vessels operating in the Jones Act trade that are at least 100 gross registered tons
- U.S.-flag vessels operating on an international voyage
- Foreign flag vessels that are at least 500 gross tons under the International Tonnage Convention

The Company has implemented security plans and procedures for each of its U.S.-flag vessels and its terminal operation in Sauget, Illinois pursuant to rules implementing the MTSA that have been issued by the USCG. The Company s U.S.-flag vessels subject to the requirements of ISPS, all foreign flag vessels, and U.S.-flag vessels operating on international voyages were in compliance with ISPS requirements effective July 1, 2004.

Industry Hazards and Insurance

Vessel operations involve inherent risks associated with carrying large volumes of cargo and rendering services in a marine environment. In addition, helicopter operations are potentially hazardous and may result in incidents or accidents. 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 marine and aviation hull, liability and war risk, general liability, workers compensation and other insurance customary in the industries in which the Company operates. The Company also conducts training and safety programs to promote a safe working environment and minimize hazards.

Employees

As of December 31, 2010, the Company employed 5,311 individuals directly and indirectly through crewing or manning agreements. Substantially all indirect employees support Offshore Marine Services vessel operations.

As of December 31, 2010, Offshore Marine Services employed 734 seafarers in the North Sea, some of whom were members of a union under the terms of an ongoing agreement. In the United States, a total of 256 employees in Marine Transportation Services and Harbor and Offshore Towing Services are unionized under agreements that expire at varying times through December 31, 2012. Certain individuals in Environmental Services are also represented by unions.

Management considers relations with its employees to be satisfactory.

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ITEM 1A. RISK FACTORS
Risks, Uncertainties and Other Factors That May Affect Future Results

The Company s results of operations, financial condition and cash flow may be adversely affected by numerous risks. Carefully consider the risks described below, which represent some of the more critical risk factors that affect the Company, as well as the other information that has been provided in this Annual Report on Form 10-K. The risks described below include all known material risks faced by the Company. Additional risks not presently known may also impair the Company s business operations.

Difficult economic conditions 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. Uncertainty about global economic conditions may lead businesses to postpone spending in response to tighter credit and reductions in income or asset values, which may lead many lenders and institutional investors to reduce, and in some cases, cease to provide funding to borrowers. These factors may also adversely affect the Company s liquidity and financial condition (including the failure of lenders participating in the Company s credit facility to fulfill their commitments and obligations), and the liquidity and financial condition of the Company s customers. Tight credit conditions could limit the Company s ability to secure additional financing, if required, due to difficulties accessing the capital markets. Factors such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation), trade barriers, commodity prices, currency exchange rates and controls, 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. Although the Company has some ongoing exposure to credit risks on its accounts receivable balances, these risks 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 and its results of operations. Unstable economic conditions may increase the volatility of the Company s stock price.

There are risks associated with the Company s debt structure. The Company s ability to meet its debt service obligations is dependent upon its future operating results, which are subject to general economic conditions, industry cycles 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. In addition, the Company s overall debt level and/or market conditions could lead the credit rating agencies to lower the Company s corporate credit ratings, which could limit its ability to issue additional debt in amounts and/or terms that it considers reasonable.

Demand for many of the Company s services is impacted by the level of activity in the offshore oil and natural gas exploration, development and production industry. The level of offshore oil and natural gas exploration, development and production activity has historically been volatile and that volatility is likely to continue. The level of activity is subject to large fluctuations in response to relatively minor changes in a variety of factors that are beyond the Company s control, including:

- prevailing oil and natural gas prices and expectations about future prices and price volatility
- the cost of exploring for, producing and delivering oil and natural gas offshore
- worldwide demand for energy, other petroleum products and chemical products
- availability and rate of discovery of new oil and natural gas reserves in offshore areas
- local and international political and economic conditions, and policies including cabotage and local content laws
- technological advances affecting energy production and consumption

weather conditions

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environmental regulation

the ability of oil and natural gas companies to generate or otherwise obtain funds for capital projects

A prolonged material downturn in oil and natural gas prices is likely to cause a substantial decline in expenditures for exploration, development and production activity, which would result in a decline in demand and lower rates for the Company s offshore energy support services and tanker services. Moreover, for the year ended December 31, 2010, approximately 46% of Offshore Marine Services and 48% of Aviation Services operating revenues were earned in the U.S. Gulf of Mexico and are therefore dependent on levels of activity in that region, which may differ from levels of activity in other regions of the world.

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. The Company 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 and adversely affect the Company s financial position and its results of operations should the Company fail to prevail in certain matters.

The Company may undertake one or more significant corporate transactions that may not achieve their intended results, 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 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 for such transactions may include, among other things, cash, common stock or equity interests in the Company s subsidiaries. The Company also evaluates the disposition of 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.

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 guaranty 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. Investments in these positions also may involve securities 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 and its results of operations.

The Company engages in hedging activities which exposes it to risks. The Company for corporate purposes and also as part of its energy trading activities, may use futures and swaps to hedge risks, such as

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escalation in fuel costs, agricultural raw materials, movements in foreign exchange rates and interest rates. The Company also may purchase larger than usual inventory to lock in costs when it believes there may be large increases in the price of raw materials or other material used in its businesses. Such purchases expose the Company to risks of meeting margin calls and drawing on its capital, counterparty risks due to failure of an exchange or institution with which it has done 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.

The Company s operations in the Gulf of Mexico may be adversely impacted by the Deepwater Horizon drilling rig accident and resulting oil spill. 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 s Offshore Marine Services and Aviation Services segments have extensive operations in the U.S. Gulf of Mexico, which, along with those of certain of its customers, may be adversely impacted by, among other factors:

- the recently lifted drilling moratorium by the U.S. Department of the Interior that directed lessees and operators to cease drilling all new deepwater wells on federal leases in the U.S. Gulf of Mexico, the additional safety and certification requirements for drilling activities imposed for the approval of development and production activities and the delayed approval of applications to drill in both deep and shallow-water areas;

- the suspension, stoppage or termination by customers of existing contracts and the demand by customers for new or renewed contracts in the U.S. Gulf of Mexico and other affected regions;

- unplanned customer suspensions, cancellations, rate reductions or non-renewals of commitments to charter vessels and aviation equipment or failures to finalize commitments to charter vessels and aviation equipment;

- new or additional government regulations or laws concerning drilling operations in the U.S. Gulf of Mexico and other regions; and

- the cost or availability of relevant insurance coverage.

Any one or a combination of these factors could reduce revenues, increase operating costs and have a material adverse effect on the Company s financial position and its results of operations.

The Company could incur liability in connection with providing spill response services. The Company may incur increased legal fees and costs in connection with providing spill and emergency response services, including the Company s involvement in response to the Deepwater Horizon/BP Macondo Well Incident. Several of the Company s business segments are currently defendants in litigation arising from the Deepwater Horizon/BP Macondo Well Incident and the Company expects it may be named in additional litigation regarding its response services. 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 applicable regulations and directives under the CWA. In addition, the exemption under the federal CWA would not protect a company against liability for personal injury or wrongful death claims, or against prosecution under other federal or state laws. Although most of the states within the United States in which the Company provides services have adopted similar exemptions, several 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 clients. In the international market, the Company does not benefit from the spill response liability protection provided by

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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. In connection with claims relating to clean-up operations following the Deepwater Horizon/BP Macondo Well Incident, the responsible party had acknowledged and agreed to indemnify and defend one of the Company s business segments pursuant to certain contractual agreements. The Company continues to seek indemnification for other business segments for claims relating to clean-up operations following the Deepwater Horizon/BP Macondo Well Incident pursuant to similar contractual arrangements.

If Congress repeals the $75.0 million cap for non-reclamation liabilities under OPA 90, 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 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.

Negative publicity may adversely impact the Company. Media coverage and public statements that insinuate improper actions by the Company, regardless of their factual accuracy or truthfulness, may result in negative publicity, litigation or governmental investigations by regulators. Addressing negative publicity and any resulting litigation or investigations may distract management, increase costs 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 and its results of operations.

Increased domestic and international laws and regulations may adversely impact the Company. Changes in laws or regulations regarding offshore oil and gas exploration and development activities, including the recently lifted drilling moratorium issued by the U.S. Department of the Interior directing lessees and operators to cease drilling all new deepwater wells on federal leases in the U.S. Gulf of Mexico, may increase the cost or availability of insurance coverage and may influence decisions by customers or other industry participants that could reduce demand for the Company s services, which would have a negative impact on the Company s Offshore Marine Services and Aviation Services segments.

Risks from the Company s international operations. The Company operates vessels, leases helicopters, provides environmental services and transacts other business worldwide. Its ability to compete in the international offshore energy support market and environmental services market 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:

- United States embargoes, restrictive actions by foreign governments, including asset seizure
- foreign taxation and changes in foreign tax laws
- limitations on the repatriation of earnings
- local cabotage and local ownership laws and requirements
- nationalization and expropriation
- loss of contract rights
- political instability, war and civil disturbances or other risks that may limit or disrupt markets

changes in currency exchange rates

Unstable political, military and economic conditions in foreign countries where a significant proportion of Offshore Marine Services operations are conducted could adversely impact the Company s business. During the year ended December 31, 2010, approximately 53% of Offshore Marine Services operating revenues resulted from its foreign operations. These operations are subject to risks, including potential vessel seizure, terrorist attacks, piracy, kidnapping, and nationalization of assets, currency restrictions, import or export quotas and other forms of public and government regulation, all of which are beyond the Company s control. Economic sanctions or an oil embargo, for example, could have significant impact on activity in the oil and gas industry and, correspondingly, on the Company should Offshore Marine Services operate vessels in a country subject to any sanctions or embargo, or in the surrounding region to the extent any sanctions or embargo disrupt its operations.

Offshore Marine Services, Marine Transportation Services and Aviation Services rely on several customers for a significant share of their revenues, the loss of any of which could adversely affect each of their businesses and operating results. Offshore Marine Services , Marine Transportation Services and Aviation Services customers are primarily major oil companies and large independent oil and gas exploration and production companies. The portion of Offshore Marine Services , Marine Transportation Services or Aviation Services revenues attributable to any single customer may change over time, depending on the level of relevant activity by any such customer, the segments ability to meet the customer s needs and other factors, many of which are beyond the Company s control. The loss of any large customer or several mid-size customers could have a material and adverse effect on such segment s or the Company s financial position or its results of operations.

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 and drilling contractors have undergone substantial consolidation and additional consolidation is possible. Consolidation results in fewer companies to charter or contract for the Company s services. Also, merger activity among both major and independent oil and natural gas companies affects exploration, development and production activity as the consolidated companies integrate operations to increase efficiency and reduce costs. Less promising exploration and development projects of a combined company may be dropped or delayed. Such activity may result in an exploration and development budget for a combined company that is lower than the total budget of both companies before consolidation, which could adversely affect demand for the Company s Offshore Marine Services vessels, Marine Transportation Services tankers, Aviation Services helicopters and Environmental Services products and services, thereby reducing the Company s revenues.

The Company may be unable to maintain or replace its offshore support vessels as they age. As of December 31, 2010, the average age of the Company s Offshore Marine Services vessels, excluding its standby safety vessels, was approximately 11.5 years. The Company believes that after an offshore support vessel has been in service for approximately 20 years, the expense (which typically increases with age) necessary to satisfy required marine certification standards may not be economically justifiable. The Company may be unable to carry out drydockings of its vessels or may be limited by insufficient shipyard capacity, which could adversely affect its ability to maintain its vessels. In addition, market conditions may not justify these expenditures or enable the Company to operate its older vessels profitably during the remainder of their economic lives. There can be no assurance that the Company will be able to maintain its fleet by extending the economic life of existing vessels, or that its financial resources will be sufficient to enable it to make expenditures necessary for these purposes or to acquire or build replacement vessels.

An increase in the supply of offshore support vessels or tankers could have an adverse impact on the charter rates earned by the Company s offshore support vessels and tankers. Expansion of the supply of the

worldwide offshore support vessel fleet would increase competition in the markets which Offshore Marine Services operates. The refurbishment of disused or mothballed vessels, conversion of vessels from uses other than oil and gas exploration and production support and related activities or construction of new vessels could all add vessel capacity to current worldwide levels. A significant increase in vessel capacity could lower charter rates and result in lower operating revenues. Similarly, should competitors in the domestic petroleum and chemical product tanker industry construct a significant number of new tankers or large capacity integrated or articulated tug and barge units, demand for tanker assets could be adversely affected.

If the Company does not restrict the amount of foreign ownership of its Common Stock, it could be prohibited from operating offshore support vessels, inland river vessels and barges and tankers in parts of the

United States and could be prohibited from operating helicopters, which would adversely impact its business and operating results. The Company is subject to the Shipping Acts, which govern, among other things, the ownership and operation of offshore support vessels, tankers and barges used to carry cargo between U.S. ports. The Shipping Acts require that vessels engaged in the U.S. coastwise trade be owned by U.S. citizens and built in the United States. The Company is also subject to regulations pursuant to the Federal Aviation Act and other statutes (Aviation Acts). Generally, aircraft operating in the United States must be registered in the United States. In order to register such aircraft under the Aviation Acts, the Company must be owned or controlled by U.S. citizens. Although the Company s Certificate of Incorporation and by-laws contain provisions intended to assure compliance with these provisions of the Shipping Acts and the Aviation Acts, a failure to maintain compliance would adversely affect the Company s financial position and its results of operations and the Company would be prohibited from operating vessels in the U.S. coastwise trade and helicopters in the United States during any period in which the Company did not comply with these regulations.

Repeal, Amendment, Suspension or Non-Enforcement of the Shipping Acts would result in additional competition for Offshore Marine Services, Marine Transportation Services and Inland River Services. A substantial portion of Offshore Marine Services , Marine Transportation Services and Inland River Services operations are conducted in the U.S. coastwise trade. Under certain provisions of the Shipping Acts, this trade is restricted to vessels built in the United States, owned and manned by U.S. citizens and registered under United States law. There have been attempts to repeal or amend such provisions, and such attempts are expected to continue in the future. Repeal of such provisions would result in additional competition from 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, which could have a material adverse effect on the Company s business, financial position and its results of operations.

The Outer Continental Shelf Lands Act, as amended, provides the federal government with broad discretion in regulating the leasing of offshore resources for the production of oil and gas. Because Offshore Marine Services and Aviation Services operations rely on offshore oil and gas exploration and production, the government s exercise of authority under the provisions of the Outer Continental Shelf Lands Act to restrict the availability of offshore oil and gas leases could have a material adverse effect on the Company s financial position and its results of operations.

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.

Operational risks could disrupt operations and expose the Company to liability. The operation of offshore support vessels, tankers, inland river towboats, tugs, helicopters, oil spill response vessels and barges is subject to various risks, including catastrophic disaster, adverse weather, mechanical failure and collision. Additional risks relating to the operation of helicopters include harsh weather and marine conditions, mechanical failures, crashes, and collisions, which may result in personal injury, loss of life, damage to property and equipment, and the suspension or reduction of operations. The Company s aircraft have been involved in accidents in the past, some of which have included loss of life and property damage. The Company may experience similar accidents in the future. 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, and damage to the Company s reputation and customer relationships. In addition, the affected vessels or helicopters could be removed from service and would then not be available to generate revenues.

Revenues from Aviation Services are dependent on flight hours, which are subject to adverse weather conditions and seasonality. A significant portion of the Company s revenues from Aviation Services is dependent on actual flight hours. Prolonged periods of adverse weather, storms and the effect of fewer hours of daylight adversely impact Aviation Services. Winter months generally have more days of adverse weather conditions than the other months of the year, with poor visibility, high winds, and heavy precipitation and fewer daylight hours, all of which adversely affect helicopter operations. In addition, June through November is tropical storm season in the U.S. Gulf of Mexico; during tropical storms, helicopters are unable to operate in the area of a storm. In addition, many of Aviation Services facilities are located along the U.S. Gulf of Mexico coast, and tropical storms may cause damage to its property.

The helicopter industry is subject to intense competition. The helicopter industry is highly competitive and involves an aggressive bidding process among providers having the necessary equipment, operational experience and resources. The Company must provide safe and efficient service or risk losing customers or the termination of contracts, which could result in lost market share and have a material adverse effect on the Company s financial position and its results of operations.

Consolidation in the aircraft parts industry could affect the service and operation of Aviation Services helicopters. A reduction in the number of approved parts suppliers or a consolidation in the spare parts redistribution market could interrupt or delay the supply of aircraft components, adversely affecting Aviation Services ability to meet service commitments to customers and could cause Aviation Services to lose opportunities with existing and future customers. Aviation Services might not be able to qualify or identify alternative suppliers in a timely fashion, or at all. Consolidations involving suppliers could further reduce the number of alternatives for Aviation Services and affect the cost of components. An increase in the cost of components could make Aviation Services less competitive and result in lower margins.

Revenues from Marine Transportation 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 refined petroleum, crude oil, and a reduction in domestic 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 Marine Transportation Services revenues. Long-haul transportation of refined petroleum products, crude oil and natural gas is generally less costly by pipeline than by tanker. Existing pipeline systems are either insufficient to meet demand in, or do not reach all of, the markets served by Marine Transportation Services tankers. The construction and operation of new pipeline segments to the Florida market could have a material and adverse effect on Marine Transportation Services business.

The Company may have to phase-out its double-bottom tanker from petroleum product transportation service in U.S. waters. The Oil Pollution Act of 1990 establishes a phase-out schedule, depending upon vessel size and age, for non-double-hull vessels carrying crude oil and petroleum products in the U.S. coastwise trade. The phase-out date for the Company s non-double-hull tanker, the *Seabulk America*, is 2015 and, unless this vessel is modified with a double-hull, which would require substantial capital expenditure, it will be prohibited from transporting crude oil and petroleum products in the U.S. coastwise trade after this date. It would also be prohibited from transporting petroleum products in most foreign and international markets under a phase-out schedule established by the International Maritime Organization.

The Company may lose eligibility for two tankers retrofitted to a double-hull configuration to engage in U.S. coastwise trade. Two of Marine Transportation Services tankers that operate in the U.S. coastwise trade, which is restricted to vessels built or rebuilt in the United States, were retrofitted to a double-hull configuration in a foreign shipyard. The Company is party to litigation regarding the eligibility of such tankers following the retrofit to engage in the U.S. coastwise trade, the loss of which could adversely affect the Company s financial condition and its results of operations. See Item 3. Legal Proceedings for a complete description of this litigation.

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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 by the U.S. Coast Guard (USCG), Occupational Safety and Health Administration (OSHA), the National Transportation Safety Board (NTSB) and the U.S. Customs Service, and to regulation by port states and class society organizations, such as the American Bureau of Shipping, as well as to international regulations from international treaties, such as the Safety of Life at Sea convention administered by port states and class societies. The USCG, OSHA and NTSB set safety standards and are authorized to investigate vessel accidents and recommend improved safety standards. The U.S. Customs Service and USCG are authorized to inspect vessels at will.

The Company s business and operations are also subject to federal, state, local and international laws and regulations that control the discharge of oil and hazardous materials into the environment or otherwise relate to environmental protection and occupational safety and health. Compliance with such laws and regulations may require installation of costly equipment or operational changes, and the phase-out of certain product tankers. Failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions or the suspension or termination of the Company s operations. 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. These laws and regulations may expose the Company to liability for the conduct of or conditions caused by others, including charterers. Moreover, these laws and regulations could change in ways that substantially increase the Company s costs. The Company cannot be certain that existing laws, regulations or standards, as currently interpreted or reinterpreted in the future, or future laws and regulations will not have a material adverse effect on its business, results of operations and financial condition. For more information, see Item 1. Government Regulation Environmental Compliance.

Emergency response revenues are subject to significant volatility. Environmental Services response revenues and profitability are event driven and can vary greatly from quarter-to-quarter and year-to-year based on the number and magnitude of responses.

A change in oil spill regulation could reduce demand for Environmental Services emergency response services. Environmental Services is dependent upon regulations promulgated under OPA 90, international conventions and, to a lesser extent, local regulations. A change in emergency regulations and/or increased competition from non-profit competitors could decrease demand for Environmental Services emergency response services and/or increase costs without a commensurate increase in revenue.

A relaxation of oil spill regulation or enforcement could reduce demand for Environmental Services emergency response services. Environmental Services is dependent upon the enforcement of regulations promulgated under OPA 90, international conventions and, to a lesser extent, local regulations. Less stringent emergency regulations or less aggressive enforcement of these regulations could decrease demand for Environmental Services emergency response services. There can be no assurance that oil spill regulation will not be relaxed or enforcement of existing or future regulation will not become less stringent. If this happens, the demand for Environmental Services emergency response services could be adversely impacted.

A change in, or revocation of, National Response Corporation s classification as an Oil Spill Removal Organization could result in a loss of business. The National Response Corporation (NRC) is classified by the USCG as an Oil Spill Removal Organization (OSRO). The USCG classifies OSROs based on their overall ability to respond to various types and sizes of oil spills. USCG-classified OSROs have a competitive advantage over non-classified service providers because customers of a classified OSRO are exempt from regulations that would otherwise require them to list their oil spill response resources in filings with the USCG. A loss of NRC s classification or changes in the requirements for classification could eliminate or diminish NRC s ability to provide customers with this exemption. If this happens, Environmental Services could lose customers.

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Environmental Services could incur liability in connection with providing spill response services. Although Environmental Services is generally exempt in the United States from liability under the CWA for its own actions and omissions in providing spill response services, this exemption might not apply if it 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 applicable regulations and directives under the CWA. In addition, the exemption under the federal CWA would not protect Environmental Services against liability for personal injury or wrongful death, or against prosecution under other federal or state laws. Although most of the states within the United States in which Environmental Services provides services have adopted similar exemptions, several states have not. If a court or other applicable authority were to determine that Environmental Services does not benefit from federal or state exemptions from liability in providing emergency response services, Environmental Services could be liable together with the local contractor and the responsible party for any resulting damages, including damages caused by others. In the international market, Environmental Services 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.

Inland River Services could experience variation in freight rates. Freight transportation rates may fluctuate as the volume of cargo and availability of barges changes. The volume of freight transported on the Inland River 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 River Services.

Inland River Services results of operations could be adversely affected by the decline in U.S. grain exports. Inland River 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, and the demand for grain in the United States. A shortage of available grain overseas can increase demand for U.S. grain. Conversely, an abundance of grain overseas can decrease demand for U.S. grain. A decline in exports could result in excess barge capacity, which would likely lower freight rates earned by Inland River Services.

Inland River Services results of operations could be adversely affected by international economic and political factors. The actions of foreign governments could affect the import and export of the dry-bulk commodities typically transported by Inland River Services. Foreign trade agreements and each country s adherence to the terms of such agreements can raise or lower demand for U.S. imports and exports of the dry-bulk commodities that Inland River 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 cargos handled by Inland River Services. These actions or developments could have an adverse impact on Inland River Services.

Inland River Services results of operations are affected by seasonal activity. Inland River Services business is seasonal, and its quarterly revenues and profits have historically been lower in the first and second quarters of the year and higher in the third and fourth quarters, during the grain harvest.

Inland River Services results of operations are affected by adverse weather and river conditions. Weather patterns can affect river levels and cause ice conditions 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 adversely impact Inland River Services.

The aging infrastructure on the U.S. Inland River Waterways may lead to increased costs and disruptions in Inland River Services operations. Many of the locks and dams on the U.S. Inland River 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 River Services operating costs and delay the delivery of cargos. Moreover, in the future, increased diesel fuel user taxes could be imposed to fund necessary infrastructure improvements, and such increases may not be recoverable by Inland River Services through pricing increases.

Inland River Services results of operations could be materially and adversely affected by fuel price fluctuations. For the most part, Inland River 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 River Services results of operation.

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 may not be insured. Claims covered by insurance are subject to deductibles, the aggregate amount of which could be material. 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.

The Company s global 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. Some of these risks may be hedged, but fluctuations could impact the Company s financial position and its results of operations. 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 during a contract period. The Company s financial position and its results of operations 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 and its results of operations may also be affected by the cost of hedging activities that the Company undertakes. The Company holds a large proportion of its net assets in cash equivalents and short-term investments, including a variety of public and private debt and equity instruments. Such investments subject the Company to risks generally inherent in the capital markets. Given the relatively high proportion of the Company s liquid assets relative to its overall size, its financial position and its results of operations may be materially affected by the results of the Company s capital management and investment activities and the risks associated with those activities. Volatility in the financial markets and overall economic uncertainty also increases the risk that the actual amounts realized in the future on the Company s debt and equity instruments could differ significantly from the fair values currently assigned to them. In addition, changes in interest rates may have an adverse impact on the Company s financial position and its results of operations.

Commodity Trading and Logistics results of operations may be materially adversely affected by the availability, demand and price of agricultural commodities, weather, disease, government programs, and competition. The availability and price of agricultural commodities may fluctuate widely due to unpredictable factors such as weather, plantings, government programs and policies, changes in global demand resulting from population growth and changes in standards of living, and global production of similar and competitive crops. Reduced supply of agricultural commodities due to weather-related factors or other reasons could adversely affect Commodity Trading and Logistics profitability. Reduced supplies of agricultural commodities could limit Commodity Trading and Logistics ability to procure, transport, store, process, and merchandise agricultural commodities in an efficient manner. In addition, the availability and price of agricultural commodities can be affected by other factors, such as plant disease, which can result in crop failures and reduced harvests.

Commodity Trading and Logistics is subject to economic downturns, political instability and other risks of doing business globally, which could adversely affect operating results. Commodity Trading and Logistics conducts its business in many countries and geographic areas, and plans to expand its business in emerging market areas such as Asia, Africa and parts of the Caribbean. Both developed and emerging market areas are subject to economic downturns and emerging market areas could be subject to more volatile economic, political and market conditions. Such economic downturns and volatile conditions may have a negative impact on Commodity Trading and Logistics ability to execute its business strategies and on its financial position and its results of operations. Commodity Trading and Logistics results of operations could be affected by changes in trade, monetary and fiscal policies, laws and regulations, and other activities of governments, agencies, and similar organizations, including political conditions, trade regulations affecting production, pricing and marketing of products, local labor conditions and regulations, burdensome taxes and tariffs, enforceability of legal agreements and judgments, and other trade barriers.

Commodity Trading and Logistics is subject to government policies and regulations, in general, and specifically those affecting the agricultural sector and related industries, which could adversely affect its operating results. Agricultural production and trade flows are subject to government policies and regulations. Governmental policies affecting the agricultural industry, such as taxes, tariffs, duties, subsidies, incentives and import and export restrictions on agricultural commodities and commodity products, can influence the planting of certain crops, the location and size of crop production, whether unprocessed or processed commodity products are traded, the volume and types of imports and exports, the availability and competitiveness of feedstocks as raw materials, and industry profitability. In addition, international trade disputes can adversely affect agricultural commodity trade flows by limiting or disrupting trade between countries or regions. Future government policies may adversely affect the supply of, demand for, and prices of Commodity Trading and Logistics products, restrict its ability to do business in its existing and target markets, and negatively impact revenues and operating results.

Commodity Trading and Logistics is subject to numerous laws and regulations globally that could adversely affect operating results. Commodity Trading and Logistics is required to comply with the numerous and broad reaching laws and regulations administered by United States federal, state, local, and foreign governmental agencies relating to, but not limited to, the sourcing, transporting, storing and merchandising of agricultural commodities and products. Any failure to comply with applicable laws and regulations could subject Commodity Trading and Logistics to administrative penalties and injunctive relief, civil remedies, including fines, injunctions, and recalls of its products.

Commodity Trading and Logistics risk management strategies may not be effective. Commodity Trading and Logistics business is affected by counterparty risk including non-performance by suppliers, vendors and counterparties, fluctuations in agricultural commodity prices, transportation costs, energy prices, interest rates, and foreign currency exchange rates. Although Commodity Trading and Logistics may engage in hedging transactions to manage these risks, such transactions may not be successful in mitigating its exposure to these fluctuations and may adversely affect operating results.

The Company s inability to attract and retain qualified personnel could have an adverse effect on its business. Attracting and retaining skilled personnel across all of the Company s business segments is an important factor in its future success. The market for the personnel employed is highly competitive and the Company cannot be certain that it will be successful in attracting and retaining qualified personnel in the future.

The failure to successfully complete construction or conversion of the Company s vessels, repairs, maintenance or routine drydockings on schedule and on budget could adversely affect the Company s financial position and its results of operations. 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 drydock vessels for regulatory compliance and to provide repair and maintenance. Construction and conversion projects and drydockings 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 drydockings could have a material adverse effect on contract commitments and revenues with

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respect to vessels under construction, conversion or undergoing drydockings. Significant cost overruns or delays for vessels under construction, conversion or retrofit could also adversely affect the Company s financial position and its results of operations.

A Violation of the Foreign Corrupt Practices Act 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 Foreign Corrupt Practices Act (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, but 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. Any determination that the Company has violated the FCPA could have a material adverse effect on its business and results of operations.

An outbreak of any contagious disease, such as H1N1 Flu, may adversely affect the Company s business and operations. The outbreak of diseases, such as H1N1 Flu, commonly referred to as Swine Flu, has curtailed and may curtail travel to and from certain countries, or geographic regions. Restrictions on travel to and from these countries or other regions due to additional incidences for diseases, such as Swine Flu, could have a material adverse effect on the Company s business, financial position or its results of operations.

There are risks associated with climate change and environmental regulations. Governments 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. Governments could also pass laws or regulations encouraging or mandating the use of alternative energy sources such as wind power and solar energy, which may reduce demand for oil and natural gas and therefore the services provided by the Company. Such initiatives could have a material adverse effect on the Company s financial position and its results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Offshore support vessels, helicopters, inland river towboats and barges, and tankers are the principal physical properties owned by the Company and are more fully described in Offshore Marine Services, Aviation Services, Inland River Services and Marine Transportation Services and in Item 1. Business.

ITEM 3. LEGAL PROCEEDINGS

During 2006 and 2007, Marine Transportation Services (MTS) had two of its tankers retrofitted to a double-hull configuration in a foreign shipyard to enable each of them to continue to transport crude oil and petroleum products beyond their OPA 90 mandated retirement dates in 2011. Both vessels operate in the U.S. coastwise trade that, under the Shipping Acts, is restricted to vessels built or rebuilt in the United States. In May 2005, MTS received a determination from the U.S. Coast Guard (USCG), which administers the United States build requirements of the Shipping Acts, concluding the retrofit work would not constitute a foreign rebuilding and therefore would not jeopardize the tankers eligibility to operate in the U.S. coastwise trade. MTS completed the retrofit work in the foreign shipyard in reliance upon the USCG s determination, which MTS believes was correct and in accord with the USCG s long-standing regulations and interpretations. On July 9, 2007, a U.S. shipbuilders trade association and two operators of tankers in the U.S. coastwise trade (Shipbuilders) commenced a civil action in the U.S. District Court for the Eastern District of Virginia, *Shipbuilders Council of America, Inc., et al. v. U.S. Department of Homeland Security, et al.*, No. 1:07cv665 (E.D. Va.) (the SB Trader Litigation), in which they sought to have the court set aside the USCG s determination and direct the USCG to revoke the coastwise license of one of the two retrofitted tankers, the *Seabulk Trader*. MTS intervened in the action to assist the USCG in defending its determination. On April 24, 2008, the Court issued a Memorandum Opinion granting a motion for summary judgment by Shipbuilders setting aside the USCG s determination and remanding the matter to the USCG for further proceedings with instructions to revoke the coastwise endorsement of the *Seabulk Trader*. On April 30, 2008, MTS appealed the decision to the U.S. Court of Appeals for the Fourth Circuit (the Court of Appeals), and the lower court s decision was stayed pending appeal, subject to certain terms (which MTS also separately appealed). Those terms required that MTS pay to the plaintiffs 12.5% of the revenue generated by the *Seabulk Trader* from November 7, 2008 in the event that the Court of Appeals affirms the lower court s decision to revoke its coastwise endorsement (the Undertaking). On July 2, 2008, Shipbuilders commenced a second civil action in the U.S. District Court for the Eastern District of Virginia, entitled Shipbuilders Council of America, Inc., et al. v. U.S. Department of Homeland Security, et al., No. 1:08cv680 (E.D. Va.) (the SB Challenge Litigation), alleging essentially identical claims as those asserted in the SB Trader Litigation against MTS s second retrofitted tanker, the *Seabulk Challenge*. MTS has intervened in the SB Challenge Litigation that was stayed pending the decision of the Court of Appeals in the SB Trader Litigation. In September 2009, the Court of Appeals reversed the District Court, holding that the USCG s interpretation was correct and that the District Court erred in requiring MTS to provide the Undertaking. On January 19, 2010, the District Court vacated its April 24, 2008 Order to the extent it directed the USCG to revoke the coastwise endorsement for the *Seabulk Trader* and remanded the matter to the USCG with instructions to (i) provide a fuller explanation of one aspect of its rebuild decision and (ii) consider further whether certain work relating to the vessel s segregated ballast tanks constituted a prohibited foreign installation of required segregated ballast tanks. On August 31, 2010, the USCG issued a further determination further explaining its rebuild decision and concluding that the work relating to the vessel s segregated ballast tanks did not constitute the installation of a required segregated ballast tank. One of the three plaintiffs in the District Court litigation urged the USCG to reach a contrary result with respect to the segregated ballast work, and it is possible that the plaintiff will ask the District Court to set aside this aspect of the USCG s decision as well. The loss of coastwise eligibility for its two retrofitted tankers could lead to impairment concerns and could adversely affect the Company s financial condition and its results of operations. The aggregate carrying value of the Company s two retrofitted tankers was $46.0 million as of December 31, 2010 and such tankers contributed operating revenues of $19.8 million during the year ended December 31, 2010.

On June 12, 2009, a purported civil class action was filed against SEACOR, Era Group Inc., Era Aviation, Inc., Era Helicopters LLC and two other defendants (collectively the Defendants) in the U.S. District Court for the District of Delaware, *Superior Offshore International, Inc. v. Bristow Group Inc., et al.*, No. 09-CV-438 (D.Del.). SEACOR acquired Era Group Inc., Era Aviation, Inc., and Era Helicopters LLC in December 2004. The complaint alleges that the Defendants violated federal antitrust laws by conspiring with each other to raise, fix, maintain or stabilize prices for offshore helicopter services in the U.S. Gulf of Mexico during the period January 2001 to December 2005. The purported class of plaintiffs includes all direct purchasers of such services and the relief sought includes compensatory damages and treble damages. On September 14, 2010, the District Court entered an order dismissing the complaint. On November 30, 2010, the District Court granted the plaintiffs motion for reconsideration and amendment (the Motions), and ordered limited discovery strictly in regard to the allegations set forth on the plaintiff s amended complaint. The limited discovery was completed and the defendants have filed a motion for summary judgment, which is pending. The Company is unable to estimate the potential exposure, if any, resulting from these claims but believes they are without merit and intends to vigorously defend the action.

On July 14, 2010, a group of individuals and entities purporting to represent a class commenced a civil action in the U.S. District Court for the Eastern District of Louisiana, *Terry G. Robin, et al. v. Seacor Marine, L.L.C., et al.*, No. 2:10-cv-01986 (E.D. La.), in which they assert that support vessels, including vessels owned by the Company, responding to the explosion and resulting fire that occurred aboard the semi-submersible drilling rig, the Deepwater Horizon, were negligent in their efforts to save lives and put out the fire and contributed to the sinking of the Deepwater Horizon and subsequent oil spill. The action now is part of the overall multi-district litigation, In re Oil Spill by the Oil Rig Deepwater Horizon , MDL No. 2179. The complaint seeks

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compensatory, punitive, exemplary, and other damages. The Company believes that this lawsuit brought by class action lawyers targeting emergency responders acting under the direction of the U.S. Coast Guard has no merit and will seek its dismissal. The Company also recently filed petitions seeking exoneration from or limitation of liability in relation to any actions that may have been taken by vessels owned by the Company to extinguish the fire. Pursuant to the Limitation of Liability Act, those petitions impose an automatic stay on the Robin case, and the court has set a deadline of April 20, 2011 for individual claimants to assert claims in the limitation cases.

On July 20, 2010, two individuals purporting to represent a class commenced a civil action in the Civil District Court for the Parish of Orleans in the State of Louisiana, *John Wunstell, Jr. and Kelly Blanchard v. BP, et al.*, No. 2010-7437 (Division K) (the Wunstell Action), in which they assert, among other theories, that Mr. Wunstell suffered injuries as a result of his exposure to certain noxious fumes and chemicals in connection with the provision of remediation, containment and response services by O Brien s Response Management Inc. (O Brien s), a subsidiary of SEACOR. The action now is part of the overall multi-district litigation, In re Oil Spill by the Oil Rig Deepwater Horizon , MDL No. 2179. The complaint also seeks to establish a class-wide court-supervised medical monitoring program for all individuals participating in BP s Deepwater Horizon Vessels of Opportunity Program and/or Horizon Response Program who allegedly experience injuries similar to Mr. Wunstell. The Company believes this lawsuit has no merit and will seek its dismissal. Pursuant to contractual agreements with the responsible party, the responsible party has agreed, subject to certain potential limitations, to indemnify and defend O Brien s in connection with the Wunstell Action and claims asserted in the MDL.

On December 15, 2010, SEACOR subsidiaries O Brien s and National Response Corporation (NRC) were named as defendants in one of the several consolidated master complaints that have been filed in the overall multi-district litigation, In re Oil Spill by the Oil Rig Deepwater Horizon , MDL No. 2179. The master complaint naming O Brien s and NRC asserts various claims on behalf of a punitive class against multiple defendants concerning the clean-up activities generally, and the use of dispersants specifically. By court order the Wunstell Action has been stayed as a result of the filing of the referenced master complaint. The Company believes that the claims asserted against its subsidiaries in the master complaint have no merit and will seek dismissal of the master complaint against both O Brien s and NRC. In addition to the indemnity provided to O Brien s, the Company has also sought indemnity from the responsible party pursuant to certain contractual arrangements for the claims asserted against NRC in the MDL.

In the normal 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 that any such change in estimated costs would have a material effect on the Company s consolidated financial position or its results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of 2010.

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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, 2010 were as follows:

Name	Age	Position
Charles Fabrikant	66	Chairman of the Board has been a director of SEACOR and several of its subsidiaries since 1989. Effective September 2010, Mr. Fabrikant resigned as President and Chief Executive Officer of the Company and was designated Executive Chairman of the Board. Mr. Fabrikant is a Director of Diamond Offshore Drilling, Inc., a contract oil and gas driller, and Hawker Pacific Airservices, Limited, an aviation sales product support company. 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.
Oivind Lorentzen	60	Chief Executive Officer since September 2010. From June 1990 to September 2010, Mr. Lorentzen was President of Northern Navigation America, Inc., an investment management and ship-owning agency company concentrating in specialized marine transportation and ship finance. Mr. Lorentzen is also a director of Genessee & Wyoming Inc., an owner of short line and regional freight railroads and a director of Blue Danube, Inc., an inland marine service provider.
Dick Fagerstal	50	Senior Vice President, Corporate Development and Finance of SEACOR since February 2003. Mr. Fagerstal served as Treasurer from May 2000 to November 2008. From August 1997 to February 2003, he served as Vice President of Finance. Mr. Fagerstal has also served as a director of certain SEACOR subsidiaries since August 1997.
Paul Robinson	43	Senior Vice President, General Counsel and Corporate Secretary of SEACOR since November 2007. From 1999 through June 2007, Mr. Robinson held various positions at Comverse Technology, Inc., including Chief Operating Officer, Executive Vice President, General Counsel and Corporate Secretary.
Richard Ryan	56	Senior Vice President of SEACOR since November 2005 and, from September 2005 to November 2005, was Vice President. Mr. Ryan has been Chief Financial Officer since September 2005. From December 1996, when he joined SEACOR, until June 2002, Mr. Ryan was International Controller and, from July 2002 until becoming Chief Financial Officer, served as Managing Director of SEACOR Marine (International) Ltd. In addition, Mr. Ryan is an officer and director of certain SEACOR subsidiaries.
Matthew Cenac	45	Vice President and Chief Accounting Officer of SEACOR since September 2005. From June 2003 to August 2005, Mr. Cenac was Corporate Controller of SEACOR. In addition, Mr. Cenac is an officer and director of certain SEACOR subsidiaries.

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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. Set forth in the table below for the periods presented are the high and low sale prices for SEACOR s Common Stock.

	HIGH	LOW
Fiscal Year Ending December 31, 2011:		
First Quarter (through February 18, 2011)	$ 113.20	$ 95.23
Fiscal Year Ending December 31, 2010:		
First Quarter	$ 81.79	$ 69.88
Second Quarter	$ 92.23	$ 67.01
Third Quarter	$ 88.09	$ 68.39
Fourth Quarter	$ 116.00	$ 82.39
Fiscal Year Ending December 31, 2009:		
First Quarter	$ 71.58	$ 52.95
Second Quarter	$ 80.06	$ 57.60
Third Quarter	$ 83.31	$ 72.21
Fourth Quarter	$ 91.93	$ 73.50

As of February 18, 2011, there were 886 holders of record of Common Stock.

SEACOR s Board of Directors declared a Special Cash Dividend of $15.00 per common share payable to shareholders of record on December 14, 2010, which was paid on or about December 21, 2010. 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 revolving credit facility or other then-existing indebtedness. The payment of future cash dividends, if any, would be made only from assets legally available.

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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, 2005 in (i) the Common Stock of the Company, (ii) the Standard & Poor s 500 Stock Index (S&P 500) and (iii) the Simmons Offshore Transportation Services Index, an index of oil service companies published by Simmons and Company International Limited (the Simmons Peer Index).

	December 31,					
	2005	2006	2007	2008	2009	2010
Company[(1)]	100	146	136	98	112	171
S&P 500[(1)]	100	116	122	77	97	112
Simmons Peer Index[(2)]	100	134	185	72	111	127

(1) Assumes the reinvestment of dividends.

(2) Simmons Peer Index is calculated as a simple average percentage in share prices and includes the following companies: Bourbon, Bristow Group Inc., PHI Inc., Tidewater Inc., GulfMark Offshore, Inc., Kirby Corporation, Hornbeck Offshore Services, Inc., Solstad Offshore ASA, Farstad Shipping ASA, DOF ASA, Sevan Marine ASA, Dockwise Ltd., and SEACOR Holdings Inc.

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Issuer Repurchases of Equity Securities

From time to time, SEACOR s Board of Directors grants authorization to repurchase shares of Common Stock. In 2010, 2009 and 2008, the Company acquired 1,811,700, 606,576 and 2,824,717 shares, respectively, of Common Stock for treasury for an aggregate purchase price of $137.1 million, $45.9 million and $240.1 million, respectively. As of December 31, 2010, $113.0 million of the repurchase authority granted by SEACOR s Board of Directors remained available.

Period	Total Number Of Shares Purchased	Average Price Paid Per Share(1)	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(2)
10/01/10 10/31/10	85,500	$ 92.53		$ 116,192,565
11/01/10 11/30/10	33,100	$ 95.72		$ 113,024,228
12/01/10 12/31/10		$		$ 113,024,228

(1) Excludes commissions of $6,050 or $0.05 per share.

(2) Since February 1997, SEACOR s Board of Directors has authorized the repurchase of Common Stock, certain debt or a combination thereof. From time to time thereafter, and most recently on February 18, 2010, SEACOR s Board of Directors increased the authority to repurchase Common Stock.

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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,				
	2010	**2009**	**2008**	**2007**	**2006**
Operating Revenues:					
Offshore Marine Services	$ 515,856	$ 562,291	$ 708,728	$ 692,418	$ 682,577
Aviation Services	235,366	235,667	248,627	215,039	156,014
Inland River Services	161,697	155,098	144,022	121,248	147,466
Marine Transportation Services	76,163	92,866	114,028	116,037	145,195
Environmental Services	874,393	145,767	168,030	156,826	144,516
Commodity Trading and Logistics[(1)]	741,896	472,575	208,264	9,600	
Other[(2)]	72,835	64,354	72,881	50,032	49,224
Eliminations and Corporate	(28,838)	(17,280)	(8,624)	(1,970)	(1,547)
	$ 2,649,368	$ 1,711,338	$ 1,655,956	$ 1,359,230	$ 1,323,445
Operating Income	$ 408,371	$ 231,827	$ 342,689	$ 347,775	$ 360,748
Other Income (Expenses):					
Net interest expense	$ (35,068)	$ (54,577)	$ (40,028)	$ (11,813)	$ (22,895)
Other income[(3)]	176	37,764	15,265	7,860	881
	$ (34,892)	$ (16,813)	$ (24,763)	$ (3,953)	$ (22,014)
Net Income attributable to SEACOR Holdings Inc.	$ 244,724	$ 143,810	$ 218,543	$ 236,819	$ 229,862
Earnings Per Common Share of SEACOR Holdings Inc.:					
Basic	$ 11.43	$ 7.21	$ 10.46	$ 10.06	$ 9.33
Diluted	11.25	6.57	9.25	9.04	8.44
Statement of Cash Flows Data provided by (used in):					
Operating activities	$ 399,417	$ 297,618	$ 291,624	$ 386,901	$ 366,107
Investing activities	19,228	(101,700)	(246,424)	(109,019)	(281,495)
Financing activities	(506,511)	(6,327)	(298,460)	(247,240)	(64,230)
Effects of exchange rate changes on cash and cash equivalents	(8,010)	871	(8,603)	697	2,162
Capital Expenditures	(250,626)	(180,024)	(428,478)	(537,608)	(381,710)
Balance Sheet Data (at period end):					
Cash and cash equivalents, restricted cash, marketable securities and Title XI and construction reserve funds	$ 853,973	$ 857,807	$ 655,803	$ 1,001,721	$ 925,725
Total assets	3,760,389	3,723,619	3,459,654	3,566,445	3,251,117
Long-term debt and capital lease obligations	702,920	755,328	903,374	904,595	920,754
Total SEACOR Holdings Inc. stockholders equity	1,787,237	1,957,262	1,630,150	1,641,940	1,582,028

(1) Commodity Trading and Logistics commenced operations in March 2007.

(2) Other primarily includes the operations of Harbor and Offshore Towing Services.

(3) Other income principally includes gains and losses from debt extinguishment, marketable security, derivative and foreign currency transactions.

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FORWARD-LOOKING STATEMENTS

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, 2010, and its financial condition as of December 31, 2010. Except for the historical information contained herein, this Annual Report on Form 10-K and other written and oral statements that the Company makes from time to time contain forward-looking statements, which involve substantial 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 expressed or implied by such forward-looking statements. The Company has tried, wherever possible, to identify such statements by using words such as anticipate, estimate, expect, project, intend, believe, plan, target, forecast and similar expressions in connection with any discussion of future operating or financial performance. Among the factors that could cause actual results to differ materially are those discussed in Risks, Uncertainties and Other Factors That May Affect Future Results in Item 1A of this Annual Report on Form 10-K. In addition, the following Management s Discussion and Analysis of Financial Condition and Results of Operations should be read in connection with the information presented in the Company s consolidated financial statements and the related notes to its consolidated financial statements included in Part IV of this Annual Report on Form 10-K.

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ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
Overview

SEACOR and its subsidiaries are in the business of owning, operating, investing in and marketing equipment, primarily in the offshore oil and gas, industrial aviation and marine transportation industries. The Company conducts its activities in six primary business segments:

Offshore Marine Services operates a diversified fleet of offshore support vessels primarily servicing offshore oil and gas exploration, development and production facilities worldwide.

Aviation Services operates and leases helicopters that provide transportation services supporting offshore oil and gas activities primarily in the United States, air medical services to hospitals in the United States, and international leasing activities.

Inland River Services is primarily engaged in dry and liquid cargo transportation on the U.S. Inland River Waterways and the Gulf Intracoastal Waterways for a range of agricultural and industrial products.

Marine Transportation Services operates a fleet of U.S.-flag product tankers carrying petroleum, crude oil and chemical products in the U.S. coastwise trade.

Environmental Services is primarily engaged in the provision of emergency preparedness and response services to oil, chemical, industrial and marine transportation clients in the United States and abroad.

Commodity Trading and Logistics is an integrated business involved in the purchase, storage, transportation and sale of agricultural and energy commodities.

Other primarily includes Harbor and Offshore Towing Services, various other investments in joint ventures, primarily providing industrial air services, and lending and leasing activities.

The Company s business segments, with the exception of Environmental Services and Commodity Trading and Logistics, are asset related and highly capital-intensive. Demand for the Company s assets is cyclical in varying degrees due to fluctuations in the activity levels in the industries serviced by those assets, as well as availability of supply.

To manage capital successfully over time, the Company continually assesses its asset portfolio and pursues opportunities to realize value from its assets by shifting their operation to other markets or trading them when circumstances warrant. The Company actively leases out and leases in, and buys and sells equipment in the ordinary course of its business. It also designs, orders, builds, upgrades, operates or re-sells newly constructed equipment. The Company typically pursues a strategy of shedding older assets while adjusting its asset mix. The Company also leases assets to other operators and sells assets to financial lessors and leases them back for varying periods of time. The Company believes that maintaining significant liquidity is an important factor that will enable it to take advantage of opportunities as they arise.

In recent years, the Company has sought to create balance in its businesses and broaden its asset base by investing outside the oil and gas industry in barges, ships and tugs, and by looking for opportunities to engage in logistics support for movement of agricultural and energy commodities.

The Company is exploring opportunities to extend its industrial aviation activities through investments in sales, marketing and distribution of aircraft and specialized parts and services, maintenance and repair facilities and fixed base operations. In addition, the Company continues to look to expand in the Chinese and Indian markets.

The Company believes that demand for its barges, tankers and tugs is, in part, linked to different factors than those that drive demand for offshore oil and gas exploration and development. In addition, for barges and tankers, contracts can sometimes be secured with longer terms than those typically available for offshore marine and helicopter services. The expectation is that over time this strategy of diversification will provide better returns on capital than could be achieved by restricting investment to one specific, highly cyclical, asset class such as vessels supporting offshore oil and gas activity. The Company believes this strategy will afford more opportunities to use capital efficiently, create greater stability of earnings and allow improved margins due to operational synergies that in turn, should yield a lower cost of capital, more sustainable cash flows and increased profitability.

Deepwater Horizon Oil Spill Response

The Company s operating results for the year ended December 31, 2010 were significantly impacted by oil spill response activities relating to the BP Macondo well incident in the U.S. Gulf of Mexico following the sinking of the semi-submersible drilling rig *Deepwater Horizon* in April 2010 (the Oil Spill Response). At the height of the Oil Spill Response, four of the Company s business segments were actively providing support. Environmental Services provided (i) equipment and people to support clean-up activities on-shore, (ii) professional assistance, consulting services and software systems in support of incident management activities at various strategic locations, and (iii) assistance in the provision of manpower for clean-up operations throughout the region. Offshore Marine Services provided (i) vessels for a variety of functions including vessel decontamination, skimming, lightering, offshore traffic control and accommodation, and (ii) technical and video equipment on vessels engaged in the response to allow for instant tracking of assets and surveillance of operations. Aviation Services provided (i) helicopters for air support to U.S. Coast Guard observers undertaking oil spotting and assessment missions, (ii) transportation for various other officials requiring overflights to assess the response and recovery efforts, and (iii) a flight tracking system to monitor the movement of all marine and aviation assets involved in the response. Harbor and Offshore Towing Services provided tugs engaged in the decontamination of vessels transiting the region. Oil Spill Response activity has significantly diminished since December 31, 2010. The Company s remaining involvement consists of limited professional services provided by Environmental Services.

As an active party to the Oil Spill Response, the Company has been named in individual and class action litigations involving environmental damage, business and personal injury claims that may result in financial exposure. In reaction to the Deepwater Horizon/BP Macondo well incident, the U.S. Department of the Interior issued an order on May 28, 2010 imposing a six month moratorium on all offshore deepwater drilling projects. A preliminary injunction was issued on June 22, 2010 blocking enforcement of the moratorium; however, the U.S. Department of Interior issued a new moratorium on July 12, 2010 which was lifted on October 12, 2010. The U.S. Department of Interior has also implemented additional safety and certification requirements for drilling activities, imposed additional requirements for the approval of development and production activities, and delayed the approval of applications to drill in both deepwater and shallow-water areas. The Company s results, in particular those of its Offshore Marine Services and Aviation Services segments, could be adversely impacted as a consequence of reduced drilling activities in the U.S. Gulf of Mexico. For additional information, see Item 1A. Risk Factors and Item 3. Legal Proceedings included in Part I of this Annual Report on Form 10-K.

Consolidated Results of Operations

Consolidated financial data for segment and geographic areas is reported in Part IV Note 15. Major Customers and Segment Information of this Annual Report on Form 10-K.

Offshore Marine Services

The market for offshore oil and gas drilling has historically been cyclical. Demand tends to be linked to the price of oil and gas and those prices tend to fluctuate depending on many factors, including global economic

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activity and levels of inventory. Price levels for oil and gas can in themselves cause additional fluctuations by inducing changes in consumer behavior. The cyclicality of the market is further exacerbated by the tendency in the industry to order capital assets as demand grows, often resulting in new capacity becoming available just as demand for oil and gas is peaking and activity is about to decline.

In late 2008, offshore activity began to decline following a sharp reduction in oil and gas prices. The decline continued throughout 2009 into 2010 and the market was further weakened by overcapacity, particularly internationally, following ongoing deliveries of newly built vessels. This situation is likely to continue into 2011, although the rate of new deliveries should begin to slow down during the second half of the year. The dynamics of the U.S. Gulf of Mexico market were significantly impacted by the sinking of the *Deepwater Horizon* in April 2010. The subsequent Oil Spill Response created an immediate demand for most vessel types from May until October 2010. At its peak, the Company had 22 vessels deployed on the response. Beyond this short term increase in activity, the U.S. Government imposed moratorium on certain drilling activities has caused a significant decline in demand for all vessel types. Although the moratorium has now been lifted, the revised requirements of the deepwater drilling permit process has created a stagnant environment. This situation is expected to continue in the immediate term. The Company responded to the weak market conditions by cold-stacking a number of vessels in the U.S. Gulf of Mexico. As of December 31, 2010, the Company had 13 vessels cold-stacked in the U.S. Gulf of Mexico. The term cold-stacked means unmanned and not working. The Company continues to monitor market conditions and will cold-stack additional vessels, or place vessels back into service, as it deems appropriate. The continued flow of newly built vessels into the international market has created a situation of oversupply in the North Sea, Asia, Middle East and West Africa regions. This situation is expected to continue throughout 2011.

Reduced activity, combined with tighter capital and credit markets, has created uncertainty over new construction of offshore equipment. The order book for new equipment remains large but there are uncertainties as to if and when these assets will be delivered. Many of these assets were ordered without firm contractual commitments for employment and should these assets be delivered and placed into service there could be an adverse impact on market conditions.

Over the last several years, Offshore Marine Services has disposed of its old generation equipment while taking delivery of new vessels specifically designed to meet the changing requirements of the market. Since December 31, 2005, the average age of the fleet, excluding standby safety vessels, has been reduced from 15.5 years to 11.5 years. Offshore Marine Services enters 2011 with a limited order book for new equipment and believes its diverse fleet and broad geographical distribution of vessels will assist in weathering the effects of the industry downturn. The Company s strong financial position should enable Offshore Marine Services to capitalize on opportunities as they develop for purchasing, mobilizing or upgrading vessels to meet changing market conditions. As of December 31, 2010, Offshore Marine Services had three vessels (one Anchor Handling Tug Supply and two Fast Support) under construction in the U.S. Gulf of Mexico.

The number and type of vessels operated, their rates per day worked and their utilization levels are the key determinants of Offshore Marine Services operating results and cash flows. Unless a vessel is cold-stacked (removed from operational service), there is little reduction in daily running costs and, consequently, operating margins are most sensitive to changes in rates per day worked and utilization.

The aggregate cost of Offshore Marine Services operations depends primarily on the size and asset mix of the fleet. Offshore Marine 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 main engine overhauls which are performed in accordance with planned maintenance programs);
- drydocking (primarily the cost of regulatory drydockings performed in accordance with applicable regulations);

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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 vessels from lessors under bareboat charter arrangements and leasing equipment employed on vessels);

brokered vessel activity (the cost of chartering-in third party vessels under time charter arrangements to fulfill a customer requirement that cannot be filled by a Company owned or managed vessel); and

other (communication costs, expenses incurred in mobilizing vessels between geographic regions, third party shipmanagement fees, freight expenses, customs and importation duties, and other).

The Company expenses drydocking, engine overhauls and vessel mobilization costs as incurred. If a disproportionate number of drydockings, overhauls or mobilizations are undertaken in a particular fiscal year or quarter, operating expenses may vary significantly when compared with the prior year or prior quarter.

Results of Operations

	2010		2009		2008		Percent Change	
	Amount $ 000	Percent %	Amount $ 000	Percent %	Amount $ 000	Percent %	10/ 09 %	09/ 08 %
Operating Revenues:								
United States, primarily U.S Gulf of Mexico	242,874	47	207,455	37	336,639	48		
Africa, primarily West Africa	78,363	15	109,428	19	123,088	17		
Middle East	51,408	10	78,205	14	82,621	12		
Mexico, Central and South America	49,694	10	68,244	12	57,794	8		
United Kingdom, primarily North Sea	66,861	13	66,956	12	74,169	10		
Asia	26,656	5	32,003	6	34,417	5		
	515,856	100	562,291	100	708,728	100	(8)	(21)
Costs and Expenses:								
Operating:								
Personnel	152,660	30	147,717	26	179,783	26		
Repairs and maintenance	48,351	9	54,016	10	64,406	9		
Drydocking	20,318	4	13,615	2	30,537	4		
Insurance and loss reserves	14,587	3	15,761	3	18,428	3		
Fuel, lubes and supplies	22,599	4	23,282	4	29,390	4		
Leased-in equipment	15,451	3	12,363	2	15,966	2		
Brokered vessel activity	12,218	2	26,503	5	21,913	3		
Other	23,403	5	16,378	3	29,679	4		
	309,587	60	309,635	55	390,102	55		
Administrative and general	50,795	10	47,031	8	58,422	8		
Depreciation and amortization	51,760	10	54,869	10	55,634	8		
	412,142	80	411,535	73	504,158	71		

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	2010		2009		2008		Percent Change	
	Amount $ 000	Percent %	Amount $ 000	Percent %	Amount $ 000	Percent %	10/ 09 %	09/ 08 %
Gains on Asset Dispositions and Impairments, net	29,474	6	22,490	4	69,206	10		
Operating Income	133,188	26	173,246	31	273,776	39	(23)	(37)
Other Income (Expense):								
Derivative losses, net			(175)					
Foreign currency gains (losses), net	1,622		2,451		(422)			
Other, net	1		182		(12)			
Equity in Earnings of 50% or Less Owned Companies	9,306	2	9,867	2	11,068	2		
Segment Profit	144,117	28	185,571	33	284,410	41	(22)	(35)

Operating Revenues by Type. The table below sets forth, for the years indicated, operating revenues earned by type.

	2010		2009		2008		Percent Change	
	Amount $ 000	Percent %	Amount $ 000	Percent %	Amount $ 000	Percent %	10/ 09 %	09/ 08 %
Operating Revenues:								
Time charter:								
United States, primarily U.S. Gulf of Mexico	223,363	43	199,581	35	328,538	47	12	(39)
Africa, primarily West Africa	63,273	12	93,471	17	115,856	16	(32)	(19)
Middle East	40,353	8	54,447	10	57,916	8	(26)	(6)
Mexico, Central and South America	41,904	8	49,724	9	47,323	7	(16)	5
United Kingdom, primarily North Sea	66,784	13	66,683	12	73,326	10		(9)
Asia	19,461	4	31,112	5	27,269	4	(37)	14
Total time charter	455,138	88	495,018	88	650,228	92	(8)	(24)
Bareboat charter	6,966	2	7,829	1	9,422	1	(11)	(17)
Brokered vessel activity	16,207	3	30,753	6	25,238	4	(47)	22
Other marine services	37,545	7	28,691	5	23,840	3	31	20
	515,856	100	562,291	100	708,728	100		

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Time Charter Operating Data. The table below sets forth the average rates per day worked, utilization and available days data for each group of Offshore Marine Services vessels operating under time charters for the periods indicated. The rate per day worked is the ratio of total time charter revenues to the aggregate number of days worked. Utilization is the ratio of aggregate number of days worked to total calendar days available for work. Available days represents the total calendar days during which owned and chartered-in vessels are operated by the Company.

	2010	2009	2008	Q4 2010	Q4 2009
Rates Per Day Worked:					
Anchor handling towing supply	$ 36,375	$ 37,904	$ 40,691	$ 27,689	$ 34,293
Crew	6,580	7,366	6,934	6,541	6,881
Mini-supply	8,527	6,422	6,714	6,276	7,452
Standby safety	8,394	8,457	9,697	8,806	8,733
Supply	14,567	15,271	16,647	14,087	14,748
Towing supply	11,092	12,002	10,804	10,904	12,300
Specialty	6,987	13,185	11,801	6,269	9,861
Overall Average Rates Per Day Worked	12,499	12,223	12,396	10,646	12,093
Utilization:					
Anchor handling towing supply	72%	63%	80%	53%	58%
Crew	72%	67%	81%	67%	59%
Mini-supply	65%	60%	72%	51%	48%
Standby safety	89%	90%	90%	89%	91%
Supply	77%	77%	88%	65%	80%
Towing supply	75%	90%	89%	68%	87%
Specialty	75%	87%	92%	86%	75%
Overall Fleet Utilization	75%	73%	83%	69%	68%
Available Days:					
Anchor handling towing supply	6,755	6,474	6,252	1,641	1,748
Crew	17,897	23,391	25,774	4,327	5,499
Mini-supply	3,933	4,755	7,027	930	1,012
Standby Safety	8,982	8,760	8,449	2,300	2,208
Supply	6,926	7,202	8,049	1,739	1,748
Towing supply	2,612	3,346	4,795	552	828
Specialty	1,273	1,588	2,881	306	368
Overall Fleet Available Days	48,378	55,516	63,227	11,795	13,411

2010 compared with 2009

Operating Revenues. Time charter revenues were $39.9 million lower. Overall fleet utilization was 75% compared with 73%. The number of days available for charter was 48,378 compared with 55,516, a reduction of 7,138 days or 13%, due to net fleet dispositions and termination of leases, which resulted in returning to lessors seven and eleven vessels operating in the U.S. Gulf of Mexico in 2010 and 2009, respectively. Overall average day rates were $12,499 per day compared with $12,223 per day, an increase of $276 per day or 2%. Net fleet dispositions reduced time charter revenues by $37.3 million while changes in utilization, average day rates, the impact of vessels mobilizing between geographic regions and other changes in fleet mix combined to reduce time charter revenues by $1.8 million. In overall terms, the impact of unfavorable changes in currency exchange rates decreased time charter revenues by $0.8 million.

In the U.S. Gulf of Mexico, time charter revenues were $23.8 million higher primarily as a result of demand for vessels in support of the Oil Spill Response. During 2010, Offshore Marine Services had as many as 22 vessels supporting the Oil Spill Response, although as of December 31, 2010, all vessels had been released. Charters in support of the Oil Spill Response contributed $90.3 million of time charter revenues in 2010. In overall terms, time charter revenues increased by $19.0 million due to improved fleet utilization and higher average day rates, decreased by $12.0 million due to net fleet dispositions and the impact of vessels mobilizing between geographic regions, and increased $16.8 million due to changes in fleet mix. As of December 31, 2010, the Company had 13 vessels cold-stacked in this region compared with 19 as of December 31, 2009.

In Africa, time charter revenues were $30.2 million lower. Net fleet dispositions, vessels that mobilized to other geographic regions and changes in fleet mix combined to reduced time charter revenues by $15.9 million. Lower average day rates and more off-hire time due to softer market conditions reduced time charter revenues by $14.3 million.

In the Middle East, time charter revenues were $14.1 million lower, of which $3.5 million was due to net fleet dispositions, $3.9 million was due to out-of-service time for one vessel undergoing conversion to a safety standby configuration, and $8.9 million was due to lower average day rates and more off-hire time attributable to softer market conditions. Vessels that mobilized into the region and changes in fleet mix contributed time charter revenues of $2.2 million.

In Mexico, Central and South America, time charter revenues were $7.8 million lower. Net fleet dispositions reduced time charter revenues by $9.8 million while vessels that mobilized into the region and changes in fleet mix contributed time charter revenues of $3.1 million. More off-hire time attributable to softer market conditions, partially offset by increases in average day rates, reduced time charter revenues by $1.1 million.

In the United Kingdom, time charter revenues were $0.1 million higher. The commencement of a new charter for a vessel mobilized into the region contributed additional time charter revenues of $1.7 million. Additional off-hire time, primarily due to increased drydocking activity, lower average day rates, and a weakening in the pound sterling against the U.S. dollar reduced time charter revenues by $1.6 million.

In Asia, time charter revenues were $11.7 million lower, of which $9.8 million was attributable to fleet dispositions. Reduced fleet utilization and lower average day rates combined to reduce time charter revenues by $2.4 million. Vessels that mobilized into the region contributed time charter revenues of $0.5 million.

Revenues from brokered vessel activity were $14.5 million lower primarily due to reduced activity in the Middle East. Other marine services revenues were $8.9 million higher primarily due to services provided in connection with the Oil Spill Response.

Costs and Expenses. Operating expenses were $17.3 million lower due to net fleet dispositions and $14.3 million lower due to reduced brokered vessel activity in the Middle East. These reductions in operating expenses were primarily offset by higher personnel costs, higher drydocking expense, and other costs associated with the Oil Spill Response. Personnel costs in 2010 included a $7.8 million expense for the Company s share of a funding deficit of the United Kingdom Merchant Navy Officers Pension Fund and a $3.3 million expense for the settlement of litigation. Repair and maintenance expenses were $5.7 million lower primarily due to net fleet dispositions and lower expenses related to the Company s Anchor Handling Towing Supply vessels operating in the U.S. Gulf of Mexico. Drydocking expense was $6.7 million higher due to increased activity, particularly in the North Sea. Other operating expenses were $7.0 million higher primarily due to services provided in connection with the Oil Spill Response.

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Gains on Asset Dispositions and Impairments, Net. Gains on asset dispositions were $7.0 million higher in 2010 compared with 2009. Gains in 2010 included the sale of eight offshore support vessels.

2009 compared with 2008

Operating Revenues. Time charter revenues were $155.2 million lower. Overall fleet utilization was 73% compared with 83%. The number of days available for charter in 2009 was 55,516 compared with 63,227, a reduction of 7,711 days or 12%, due to net fleet dispositions, including the return of eleven vessels operating in the U.S. Gulf of Mexico to leasing companies in 2009. Overall average day rates were $12,223 per day compared with $12,396 per day, a decrease of $173 per day or 1%. Net fleet dispositions, changes in utilization, the impact of vessels mobilizing between geographic regions and other changes in fleet mix combined to reduce time charter revenue by $113.8 million. In overall terms, lower average day rates and unfavorable changes in currency exchange rates reduced time charter revenues by $41.4 million.

In the U.S. Gulf of Mexico, time charter revenues were $129.0 million lower primarily due to reduced fleet utilization, net fleet dispositions and lower average day rates. In overall terms, time charter revenues decreased by $19.0 million due to lower average day rates, $89.0 million due to reduced fleet utilization, and $21.0 million due to net fleet dispositions, the impact of vessels mobilizing between geographic regions, and other changes in fleet mix. As of December 31, 2009, 19 of the Company s vessels were cold-stacked in this region.

In Africa, time charter revenues were $22.4 million lower, of which $6.9 million was attributable to net fleet dispositions and $10.2 million was due to vessels mobilizing to other geographic regions. The remaining difference of $5.3 million was primarily due to reduced fleet utilization.

In the Middle East, time charter revenues were $3.5 million lower. Net fleet dispositions reduced time charter revenues by $9.2 million. Vessels that mobilized into the region contributed time charter revenues of $7.9 million. The remaining decrease of $2.2 million was due to reduced fleet utilization.

In Mexico, Central and South America, time charter revenues were $2.4 million higher, of which $1.7 million was due to the combined effect of improvements in fleet utilization and average day rates and $1.3 million was due to a change in contract status for two vessels from bareboat charter to time charter. Time charter revenues decreased by $0.6 million due to net fleet dispositions and the impact of vessels mobilizing to other geographic regions.

In the United Kingdom, time charter revenues were $6.6 million lower, of which $11.8 million was due to a weakening of the pound sterling against the U.S. dollar. The acquisition of one vessel during 2009 and improvements in average day rates contributed additional time charter revenues of $2.8 million and $2.4 million, respectively.

In Asia, time charter revenues were $3.8 million higher primarily due to vessels mobilizing into the region, partially offset by net fleet dispositions.

Revenues from brokered vessel activity were $5.5 million higher primarily due to increased activity in West Africa. Bareboat charter revenues were $1.6 million lower primarily due to the sale during 2009 of vessels which had been operating on bareboat charters. Other marine services were $4.9 million higher, primarily due to a $3.0 million increase in third party shipmanagement fees**.**

Costs and Expenses. Operating expenses decreased by $80.5 million primarily due to net fleet dispositions, the cold-stacking of vessels in the U.S. Gulf of Mexico, and reduced drydocking, repair and maintenance expense. General and administrative expenses were $11.4 million lower primarily due to restructuring of the international group in late 2008.

Gains on Asset Dispositions and Impairments, Net. Gains on asset dispositions were $46.7 million lower in 2009 compared with 2008. Gains in 2009 included the sale of 19 offshore support vessels.

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Aviation Services

A significant portion of Aviation Services operations involves transportation services provided to offshore oil and gas customers and leasing aircraft to third parties. As discussed in the Offshore Marine Services segment, the offshore oil and gas market is highly cyclical with demand linked to the price of oil and gas that tends to fluctuate depending on many factors, including global economic activity and levels of inventory. Alaska and the U.S. Gulf of Mexico represent Aviation Services major oil and gas markets.

During 2010, the market for Aviation Services assets in the United States was disrupted by the sinking of the *Deepwater Horizon*. In the short term, Aviation Services benefited by providing helicopters and software systems to support the Oil Spill Response efforts. At the same time however, the moratorium on certain offshore drilling projects caused a decrease in demand for helicopters supporting oil and gas activities. While the moratorium has now been lifted, the process of issuing permits to drill has slowed down and continues to have a negative impact on demand. Aviation Services does not expect the slowdown will have a significant impact on its future results as its activities are more dependent on longer-term production, maintenance and inspection work than short-term exploration and development projects. Exploration and development activities generally require medium size and heavy aircraft, which typically earn higher margins. Production related activities are less sensitive to variations in commodity prices and accordingly provide a more stable demand for services. Aviation Services has concentrated its production support in deepwater areas and with pipeline companies. It performs very little shallow water production support.

In recent years, Aviation Services offshore oil and gas customers have been seeking modern aircraft that offer enhanced safety features and greater performance. Some customers have also been moving from small single engine aircraft to small twin engine aircraft due to the additional safety afforded from two engines when flying extended range missions in deepwater areas.

Demand for leased aircraft is influenced by the overall demand for aircraft and the availability of financing to potential customers. The recent difficulties in the credit market have increased demand for Aviation Services leased assets.

Aviation Services, through one of its joint ventures, offer training services to third parties using a mix of classroom instruction, flight training devices and aircraft. The demand for these services has increased in line with customers efforts to improve safety.

The aggregate cost of Aviation Services operations depends primarily on the size and asset mix of the fleet. Aviation Services operating costs and expenses are grouped into the following categories:

- personnel (wages, benefits, payroll taxes, savings plans, training, crew subsistence and travel for aviation personnel);
- repairs and maintenance (primarily routine activities as well as aircraft refurbishments and engine and major component overhauls that are performed in accordance with planned maintenance programs);
- insurance and loss reserves (the cost of Hull and Machinery and Protection and Indemnity insurance premiums and loss deductibles);
- fuel;
- leased-in equipment (includes the cost of leasing helicopters and equipment); and
- other (primarily base expenses, property, sales and use taxes, communication costs, freight expenses, and other).

Certain third party vendors maintain the engines and certain components on some aircraft under programs that require Aviation Services to pay ratably for the service based on actual flight hours flown. The costs are

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normally billed on a monthly basis and expensed as incurred. In the event that Aviation Services places an aircraft in a program after a maintenance period has begun, it may be necessary to pay an initial buy-in charge based on hours flown to date with such charge being amortized over the contract period. If an aircraft is sold before the scheduled maintenance work is carried out, Aviation Services may be able to recover part of its expenditure.

The Company expenses all maintenance and repair costs as incurred. Should Aviation Services exit from third party vendor maintenance programs or a disproportionate number of refurbishments or overhauls are undertaken in a particular fiscal year or quarter, operating expenses may vary significantly when compared with the prior year or prior quarter.

Results of Operations

	2010		2009		2008		Percent Change	
	Amount $ 000	Percent %	Amount $ 000	Percent %	Amount $ 000	Percent %	10/ 09 %	09/ 08 %
Operating Revenues:								
United States	178,656	76	201,344	85	223,193	90		
Foreign	56,710	24	34,323	15	25,434	10		
	235,366	100	235,667	100	248,627	100		(5)
Costs and Expenses:								
Operating:								
Personnel	58,786	25	63,176	27	71,980	29		
Repairs and maintenance	43,941	19	40,511	18	42,033	17		
Insurance and loss reserves	9,114	4	9,867	4	9,071	4		
Fuel	17,454	7	19,234	8	37,761	15		
Leased-in equipment	1,910	1	2,525	1	2,749	1		
Other	16,028	7	12,642	5	17,896	7		
	147,233	63	147,955	63	181,490	73		
Administrative and general	25,798	11	21,396	9	20,130	8		
Depreciation and amortization	43,351	18	37,358	16	36,411	15		
	216,382	92	206,709	88	238,031	96		
Gains on Asset Dispositions and Impairments, net	764		316		4,883	2		
Operating Income	19,748	8	29,274	12	15,479	6	(33)	89
Other Income (Expense):								
Derivative gains (losses), net	(118)		266		274			
Foreign currency gains (losses), net	(1,511)		1,439	1	271			
Other, net	50				38			
Equity in Losses of 50% or Less Owned Companies	(137)		(487)		(461)			
Segment Profit	18,032	8	30,492	13	15,601	6	(41)	95

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Operating Revenues by Service Line. The following tables set forth, for the years indicated, the amount of operating revenues by service line.

	2010 Amount $ 000	2010 Percent %	2009 Amount $ 000	2009 Percent %	2008 Amount $ 000	2008 Percent %	Percent Change 10/ 09 %	Percent Change 09/ 08 %
Operating Revenues:								
U.S. Gulf of Mexico, primarily from oil and gas activities	112,458	48	121,335	51	134,665	53	(7)	(10)
Alaska, primarily from oil and gas activities	28,188	12	25,183	11	19,716	8	12	28
Leasing	57,538	24	35,441	15	26,892	11	62	32
Air Medical Services	22,208	9	37,244	16	40,229	16	(40)	(7)
Flightseeing	6,437	3	6,957	3	8,755	4	(7)	(21)
FBO	8,912	4	10,729	5	19,568	8	(17)	(45)
Intersegment Eliminations	(375)		(1,222)	(1)	(1,198)		69	(2)
	235,366	100	235,667	100	248,627	100		

Selected Operating Data. The following tables set forth, for the years indicated, flight hours flown by service line.

	2010 Hours	2010 %	2009 Hours	2009 %	2008 Hours	2008 %	Percent Change 10/ 09	Percent Change 09/ 08
U.S. Gulf of Mexico, primarily from oil and gas activities	34,574	55	39,291	60	44,851	60	(12)	(12)
Alaska, primarily from oil and gas activities	4,585	7	4,687	7	4,853	7	(2)	(3)
Leasing	12,467	20	6,825	10	4,602	6	83	48
Air Medical Services	8,257	13	11,849	18	15,551	21	(30)	(24)
Flightseeing	2,778	5	3,103	5	4,345	6	(10)	(29)
	62,661	100	65,755	100	74,202	100	(5)	(11)

2010 compared with 2009

Operating Revenues. Operating revenues in the U.S. Gulf of Mexico were $8.9 million lower primarily due to a reduction in the number of aircraft operating in the region and lower flight hours supporting oil and gas activities following the *Deepwater Horizon* incident. These reductions were partially offset by revenues generated by equipment contracted to the U.S. Coast Guard in support of the Oil Spill Response. Operating revenues from leasing activities increased by $22.1 million as additional aircraft were placed on international leases, primarily in Brazil. As of December 31, 2010, 39 aircraft were dedicated to the leasing market compared with 35 as of December 31, 2009. Operating revenues from Air Medical Services decreased by $15.0 million due to the non-renewal of several contracts upon their conclusion.

Costs and Expenses. Personnel costs were $4.4 million lower primarily due to a reduction in workforce in Air Medical Services in line with reduced activity and lower crew subsistence costs in the U.S. Gulf of Mexico. These decreases were partially offset by higher wage and benefit costs in Alaska in support of additional helicopters on contract. Repair and maintenance costs were $3.4 million higher as additional aircraft were placed in third party vendor maintenance support programs, partially offset by a reduction in maintenance spending in Air Medical Services as a result of fewer contracts. Fuel expense decreased $1.8 million primarily due to a reduction in FBO fuel sales. Other operating expenses were lower in 2009 due to the receipt of insurance reimbursements in 2009 for expenses incurred following Hurricanes Gustav and Ike in 2008. General and administrative expenses were $4.4 million higher primarily due to higher wage and benefit costs and the 2009 reversal of a $1.5 million provision for doubtful accounts following its collection. Depreciation and amortization expense was $6.0 million higher due to the continued modernization of the fleet through the addition of new and higher cost equipment.

2009 compared with 2008

Operating Revenues. Operating revenues were $13.3 million lower in the U.S. Gulf of Mexico primarily due to a slowdown in offshore oil and gas activity and a reduction in hurricane related activity. Operating revenues in Alaska increased by $5.5 million due to additional contract revenues generated from oil and gas support activities. Operating revenues from leasing activities increased by $8.5 million, primarily in international regions. As of December 31, 2009, 35 aircraft were dedicated to the leasing market compared with 24 as of December 31, 2008. Operating revenues from Air Medical Services decreased by $3.0 million, primarily due to contract terminations. Operating revenues from FBO decreased by $8.8 million primarily due to lower fuel prices charged and a reduction in activity.

Costs and Expenses. Personnel costs were $8.8 million lower primarily due to a reduction in workforce in both the U.S. Gulf of Mexico and Air Medical Services in line with the slow down in activity as discussed above. These reductions were partially offset by increased personnel costs in Alaska in support of additional contracts for oil and gas activity. Repair and maintenance costs were $1.5 million lower primarily due to the timing of repairs. Fuel expense decreased $18.5 million primarily due to the reduction in flight hours in the U.S. Gulf of Mexico and lower activity levels at the FBO following the loss of a significant customer. Other operating expenses were lower in 2009 due to the receipt of insurance reimbursements in 2009 for expenses incurred following Hurricanes Gustav and Ike in 2008.

Inland River Services

Historically, activity levels for grain exports and non-grain imports are the key drivers in determining freight rates. During 2010, grain exports were marginally higher than in 2009. Early in 2010, export demand for corn was weak due to cheaper feed grain availability elsewhere. This decrease in exports coupled with an oversupply of barges led to equipment being idled in the early spring. The market improved in the early summer as Asian demand for corn supported freight values and continued as drought conditions in Russia in late July further influenced demand. Market conditions during parts of 2010 resulted in more dry cargo barges earning demurrage. Imports were essentially flat, continuing at or near 2009 levels, in line with the ongoing economic recession in the United States with low levels of demand for construction related materials and other industrial cargos.

Weather conditions presented persistent challenges to the industry during 2010. At the start of the year, ice, fog and high water limited operations and caused delays on the Illinois and Lower Mississippi rivers. Another wet spring exacerbated the high water conditions and restricted tow sizes throughout much of the spring and early summer. In late summer, warm, dry weather throughout much of the Midwest allowed for ideal towing conditions but as the dry weather continued into the fall, water levels fell and river conditions deteriorated leading to restricted drafts. In December, winter arrived early and ice, low water and cold temperatures further hampered operating conditions.

At the end of 2010, the average age of the Inland River Services dry cargo barge fleet was 6 years old, which the Company believes is among the youngest fleets operating on the U.S. Inland River Waterways system. Inland River Services believes that approximately 30% of the dry cargo barge fleet operating on the U.S. Inland River Waterways is over 20 years old. Inland River Services expects the relatively young age of its dry cargo barge fleet to enhance its availability and reliability, reduce downtime for repairs and limit replacement capital expenditures required to maintain its fleet size and revenue generating capacity.

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

barge logistics (primarily towing, switching, fleeting 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, 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 (includes the cost of leasing equipment, including bought-in freight and towboats, from lessors under bareboat charter arrangements);

other (rail car logistics, property taxes and other).

Results of Operations

	2010		2009		2008		Percent Change	
	Amount $ 000	Percent %	Amount $ 000	Percent %	Amount $ 000	Percent %	10/ 09 %	09/ 08 %
Operating Revenues:								
United States	161,697	100	154,991	100	144,022	100		
Foreign			107					
	161,697	100	155,098	100	144,022	100	4	8
Costs and Expenses:								
Operating:								
Barge logistics	54,134	33	42,714	28	55,695	39		
Personnel	13,006	8	13,296	9	7,518	5		
Repairs and maintenance	5,261	3	5,089	3	5,699	4		
Insurance and loss reserves	3,005	2	2,625	2	1,716	1		
Fuel, lubes and supplies	3,565	2	2,193	1	2,642	2		
Leased-in equipment	12,254	8	19,038	12	6,442	4		
Other	5,953	4	4,489	3	2,707	2		
	97,178	60	89,444	58	82,419	57		
Administrative and general	10,691	7	8,764	6	7,887	5		
Depreciation and amortization	20,721	13	19,357	12	16,582	12		

	128,590	80	117,565	76	106,888	74		
Gains on Asset Dispositions	31,928	20	4,706	3	10,394	7		
Operating Income	65,035	40	42,239	27	47,528	33	54	(11)
Other Income (Expense):								
Other, net	2,237	2			16			
Equity in Earnings of 50% or Less Owned Companies	3,708	2	3,882	3	388			
Segment Profit	70,980	44	46,121	30	47,932	33	54	(4)

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

	2010		2009		2008		Percent Change	
	Amount $ 000	Percent %	Amount $ 000	Percent %	Amount $ 000	Percent %	10/ 09 %	09/ 08 %
Operating Revenues:								
Dry cargo barge pools	89,935	56	84,621	55	85,225	59	6	(1)
Liquid unit tow operation	30,109	19	29,881	19	21,146	15	1	41
Charter-out of dry cargo barges	8,605	5	9,454	6	10,187	7	(9)	(7)
10,000 barrel liquid tank barge operations	10,180	6	7,660	5	10,224	7	33	(25)
Inland river towboat operations and other activities	22,868	14	23,482	15	17,240	12	(3)	36
	161,697	100	155,098	100	144,022	100		

Dry Cargo Barge Pools Operating Data. The following table presents, for the years indicated, Inland River Services interest in tons moved and its available barge days in the dry cargo barge pools. Available barge days represents the total calendar days during which the Company s owned and chartered-in barges were in the pool.

	2010		2009		2008		Percent Change	
	Tons	%	Tons	%	Tons	%	10/ 09 %	09/ 08 %
Tons Moved (in thousands):								
Grain	3,121	69	2,645	71	1,977	56	18	34
Non-Grain	1,395	31	1,089	29	1,524	44	28	(29)
	4,516	100	3,734	100	3,501	100	21	7
	Days		Days		Days			
Available Barge Days	245,777		231,990		245,997			

2010 compared with 2009

Operating Revenues. Operating revenues were $6.6 million higher. Operating revenues from dry cargo barge pool operations were $5.3 million higher primarily due to a larger fleet following the addition of newly constructed barges, the return of barges previously chartered-out, the addition of equipment previously included in a joint venture, and increased demurrage revenues. These increases were partially offset by a reduction in revenues from bought-in-freight activities. Operating revenues for the 10,000 barrel liquid tank barges increased by $2.5 million primarily due to equipment additions.

Costs and Expenses. Operating expenses were $7.7 million higher. Barge logistics expenses were $11.4 million higher primarily due to more activity in the dry cargo barge pool and a 22% increase in fuel prices. The cost of leased-in equipment was $6.8 million lower due to a reduction in bought-in-freight activities.

Gains on Asset Dispositions. Gains on asset dispositions were $27.2 million higher. Gains in 2010 included the sale of 60 dry cargo barges to Inland River Services South American joint venture and the recognition of gains previously deferred following the acquisition of a controlling interest in another of its joint ventures.

Other, net. Other, net includes the sale of the Company s claim against the prime broker for one of its joint ventures that was impaired in 2008.

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2009 compared with 2008

Operating Revenues. Operating revenues were $11.1 million higher. Operating revenues from dry cargo pool operations were $0.6 million lower in 2009 primarily due to reductions in grain exports, reduced demand for imported construction materials, decreased movements of other industrial cargos due to the economic recession in the United States and a reduction in available barge days due to the sale of barges to the Company s South American joint venture. These reductions were partially offset by an increase in revenues from bought-in-freight activities. Operating revenues from the liquid unit tow operation were $8.7 million higher in 2009 primarily due to additional equipment added throughout 2008 and 2009. Operating revenues for towboat operations and other activities were $6.2 million higher primarily due to a full year of activity at the Sauget, Illinois terminal, which opened in May 2008.

Costs and Expeneses. Operating expenses were $7.0 million higher in 2009 compared with 2008. Barge logistics expenses were $13.0 million lower in line with lower activity levels for the dry cargo barge pool. Personnel costs were higher due to operating additional equipment in the liquid unit tow operation and the cost of leased-in equipment was $12.6 million higher primarily due to an increase in bought-in-freight activities.

Gains on Asset Dispositions. Gains on asset dispositions were $5.7 million lower. Gains in 2008 included the sale of 36 barges to Inland River Services South American joint venture.

Equity in Earnings of 50% or Less Owned Companies. Equity in earnings in 2008 include losses from the recognition of an impairment charge on prime brokerage exposure.

Marine Transportation Services

Demand for the Company s tankers is dependent on several factors, including petroleum production and refining activity levels in the United States, domestic consumer and commercial consumption of petroleum products, and chemicals and competition from foreign imports of oil products. During 2007 and 2006, orders placed by industry participants for the construction of new double-hulled vessels qualified for operation in the U.S. coastwise trade created uncertainty as to whether the market would be able to absorb such additional capacity. In response to the uncertainty of both demand and supply factors and in order to secure a portion of the fleet s future earnings, Marine Transportation Services entered into long-term arrangements to bareboat charter-out four vessels with staggered delivery dates. The first vessel began its charter in March 2007, the second in September 2008, the third in January 2010, and the fourth in October of 2010.

As of December 31, 2010, the Company believes third parties had contracted to build approximately eight U.S.-flag tank vessels that could compete with Marine Transportation Services equipment. Six vessels are scheduled to be delivered in 2011, one vessel in 2012, and the remaining vessel in 2013. It is anticipated that retirements of U.S.-flag tank vessels under OPA 90 regulations will be two in 2011, one in 2012 and another three between 2013 and January 1, 2015.

Marine Transportation 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);
- drydocking (primarily the cost of regulatory drydockings 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 tankers from lessors under bareboat charter arrangements);

other (port charges, freight, vessel inspection expenses and other).

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Vessel drydockings are regularly performed in accordance with applicable regulations and the Company expenses drydocking costs as incurred. If a disproportionate number of drydockings are undertaken in a particular fiscal year or quarter, operating expenses may vary significantly when compared with a prior year or prior quarter.

Results of Operations

	2010		2009		2008		Percent Change	
	Amount $ 000	Percent %	Amount $ 000	Percent %	Amount $ 000	Percent %	10/ 09 %	09/ 08 %
Operating Revenues:								
United States	76,163	100	92,866	100	111,497	98		
Foreign					2,531	2		
	76,163	100	92,866	100	114,028	100	(18)	(19)
Costs and Expenses:								
Operating:								
Personnel	20,385	27						