
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-Q

(Mark One)

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2006 or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from to

Commission file number 1-12289

SEACOR Holdings Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

13-3542736
(IRS Employer
Identification No.)

2200 Eller Drive, P.O. Box 13038,
Fort Lauderdale, Florida
(Address of Principal Executive Offices)

33316
(Zip Code)

954-524-4200

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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 for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

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

The total number of shares of common stock, par value \$.01 per share, outstanding as of November 1, 2006 was 24,477,707. The Registrant has no other class of common stock outstanding.

SEACOR HOLDINGS INC.

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	<u>September 30, 2006</u>	<u>December 31, 2005</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 494,472	\$ 484,422
Restricted cash	47,887	41,187
Available-for-sale securities	24,204	12,595
Receivables:		
Trade, net of allowance for doubtful accounts of \$8,432 and \$13,696 at September 30, 2006 and December 31, 2005, respectively	261,275	242,159
Other	20,765	18,672
Deferred income taxes	5,195	5,196
Held for sale assets	—	6,810
Inventories	25,266	21,996
Prepaid expenses and other	14,749	6,054
Total current assets	<u>893,813</u>	<u>839,091</u>
Investments, at Equity, and Receivables from 50% or Less Owned Companies	39,107	36,954
Property and Equipment	2,193,796	2,108,724
Less accumulated depreciation	(428,806)	(349,331)
Net property and equipment	<u>1,764,990</u>	<u>1,759,393</u>
Construction Reserve Funds & Title XI Reserve Funds	272,494	146,317
Goodwill	41,858	40,351
Intangible Assets	28,282	40,182
Other Assets	35,752	22,853
	<u>\$ 3,076,296</u>	<u>\$ 2,885,141</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current portion of long-term debt	\$ 8,013	\$ 7,539
Current portion of capital lease obligations	2,430	2,966
Accounts payable and accrued expenses	77,431	72,719
Other current liabilities	199,998	164,682
Total current liabilities	<u>287,872</u>	<u>247,906</u>
Long-Term Debt	943,765	950,403
Capital Lease Obligations	20,802	27,232
Deferred Income Taxes	274,981	242,316
Deferred Gains and Other Liabilities	49,079	49,543
Minority Interest in Subsidiaries	6,761	6,436
Stockholders' Equity:		
Preferred stock, \$.01 par value, 10,000,000 shares authorized; none issued or outstanding	—	—
Common stock, \$.01 par value, 60,000,000 shares authorized; 31,695,862 and 31,341,739 shares issued at September 30, 2006 and December 31, 2005, respectively	317	313

Additional paid-in capital	868,192	861,722
Retained earnings	898,021	721,982
Less 7,226,784 and 6,522,890 shares held in treasury at September 30, 2006 and December 31, 2005, respectively, at cost	(274,493)	(220,814)
Unamortized restricted stock	—	(3,708)
Accumulated other comprehensive income:		
Cumulative translation adjustments	378	(353)
Unrealized gain on available-for-sale securities	621	2,163
Total stockholders' equity	<u>1,493,036</u>	<u>1,361,305</u>
	<u>\$ 3,076,296</u>	<u>\$ 2,885,141</u>

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Operating Revenues	\$ 349,361	\$ 294,869	\$ 986,262	\$ 637,885
Costs and Expenses:				
Operating expenses	196,608	180,136	553,401	412,916
Administrative and general	30,880	31,115	95,238	68,939
Depreciation and amortization	40,977	46,535	126,555	83,309
	<u>268,465</u>	<u>257,786</u>	<u>775,194</u>	<u>565,164</u>
Gains (Losses) on Asset Dispositions and Impairments, Net	12,054	(618)	57,020	14,710
Operating Income	<u>92,950</u>	<u>36,465</u>	<u>268,088</u>	<u>87,431</u>
Other Income (Expense):				
Interest income	10,279	4,754	26,501	12,917
Interest expense	(13,307)	(16,541)	(40,222)	(31,682)
Derivative transactions gains (losses), net	2,813	(4,425)	3,085	(6,193)
Foreign currency transactions gains, net	650	2,436	2,026	6,288
Marketable security transactions gains (losses), net	4,549	10,388	(2,377)	25,124
Other, net	117	891	740	1,531
	<u>5,101</u>	<u>(2,497)</u>	<u>(10,247)</u>	<u>7,985</u>
Income from Continuing Operations Before Income Tax Expense, Minority Interest in (Income) Loss of Subsidiaries and Equity In Earnings of 50% or Less Owned Companies	98,051	33,968	257,841	95,416
Income Tax Expense	<u>37,037</u>	<u>13,894</u>	<u>96,171</u>	<u>36,082</u>
Income from Continuing Operations Before Minority Interest in (Income) Loss of Subsidiaries and Equity in Earnings of 50% or Less Owned Companies	61,014	20,074	161,670	59,334
Minority Interest in (Income) Loss of Subsidiaries	(451)	223	(638)	103
Equity in Earnings of 50% or Less Owned Companies	<u>2,607</u>	<u>200</u>	<u>15,007</u>	<u>4,411</u>
Income from Continuing Operations	<u>63,170</u>	<u>20,497</u>	<u>176,039</u>	<u>63,848</u>
Income from Discontinued Operations, Net of Tax	—	—	—	364
Net Income	<u>\$ 63,170</u>	<u>\$ 20,497</u>	<u>\$ 176,039</u>	<u>\$ 64,212</u>
Basic Earnings Per Common Share:				
Income from Continuing Operations	\$ 2.57	\$ 0.83	\$ 7.11	\$ 3.12
Income from Discontinued Operations	—	—	—	0.01
Net Income	<u>\$ 2.57</u>	<u>\$ 0.83</u>	<u>\$ 7.11</u>	<u>\$ 3.13</u>
Diluted Earnings Per Common Share:				
Income from Continuing Operations	\$ 2.28	\$ 0.76	\$ 6.32	\$ 2.79
Income from Discontinued Operations	—	—	—	0.02
Net Income	<u>\$ 2.28</u>	<u>\$ 0.76</u>	<u>\$ 6.32</u>	<u>\$ 2.81</u>
Weighted Average Common Shares Outstanding:				
Basic	24,575,065	24,788,697	24,742,553	20,486,217
Diluted	28,281,842	28,561,674	28,448,157	24,150,967

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

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

	Nine Months Ended September 30,	
	2006	2005
Net Cash Provided by Operating Activities	\$ 235,904	\$ 107,719
Cash Flows from Investing Activities:		
Purchases of property and equipment	(237,706)	(178,709)
Proceeds from disposition of property, equipment and held for sale assets	168,642	223,349
Purchases of securities	(38,949)	(104,160)
Proceeds from sale of securities	62,509	215,093
Investments in and advances to 50% or less owned companies	(11,403)	(859)
Proceeds on sale of investments in 50% or less owned companies	15,600	—
Principal payments on notes due from 50% or less owned companies	5,767	142
Principal payments on notes due from non-affiliate	873	7,319
Net increase in restricted cash	(6,700)	(14,523)
Net (increase) decrease in construction reserve funds and title XI reserve funds	(126,177)	41,998
Cash settlements on derivative transactions, net	5,128	485
Investments in sales-type leases	(5,183)	—
Seabulk Merger, net of cash acquired	—	(69,498)
Acquisition of Era Aviation, Inc. adjustments to purchase price	—	4,793
Sale of discontinued operations	—	15,000
Other	(34)	—
Net cash (used in) provided by investing activities	<u>(167,633)</u>	<u>140,430</u>
Cash Flows from Financing Activities:		
Payments on long-term debt and capital lease obligations	(28,019)	(58,139)
Proceeds from issuance of long term debt	16,499	64,819
Common stock acquired for treasury	(58,142)	(6,026)
Proceeds and tax benefits from share award plans	10,438	6,728
Dividends paid to minority interest holders	(517)	(586)
Cash received from minority interest holders	200	341
Net cash (used in) provided by financing activities	<u>(59,541)</u>	<u>7,137</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	<u>1,320</u>	<u>(162)</u>
Net Increase in Cash and Cash Equivalents	10,050	255,124
Cash and Cash Equivalents, Beginning of Period	484,422	214,389
Cash and Cash Equivalents, End of Period	<u>\$ 494,472</u>	<u>\$ 469,513</u>

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

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SEACOR HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Basis of Presentation

The condensed consolidated financial information for each of the three and nine months ended September 30, 2006 and 2005 has been prepared by the Company and has not been audited by its independent registered public accounting firm. The condensed consolidated financial statements include the accounts of SEACOR Holdings Inc. and its consolidated subsidiaries, which effective July 1, 2005 include Seabulk International, Inc. ("Seabulk"—see Note 2). In the opinion of management, all adjustments (consisting of normal recurring adjustments and those described in Note 2) have been made to present fairly the Company's financial position as of September 30, 2006, its results of operations for each of the three and nine months ended September 30, 2006 and 2005 and its cash flows for the nine months ended September 30, 2006 and 2005. Results of operations for the interim periods presented are not necessarily indicative of operating results for the full year or any future periods.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the financial statements and related notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2005.

Unless the context otherwise indicates, any references in this Quarterly Report on Form 10-Q to the "Company" refer to SEACOR Holdings Inc. and its consolidated subsidiaries and any references in this Quarterly Report on Form 10-Q to "SEACOR" refer to SEACOR Holdings Inc.

Certain reclassifications of prior period information have been made to conform to the presentation of the current period.

2. Seabulk Merger and Disposition of Held for Sale Seabulk Assets

On July 1, 2005, SEACOR completed its acquisition of Seabulk through a merger with a wholly-owned subsidiary of SEACOR (the "Seabulk Merger"). The Company's purchase price was \$525.3 million, including 6,354,642 shares of SEACOR common stock, par value \$0.01 per share ("Common Stock"), 394,446 options to purchase Common Stock, 51,832 Restricted Stock Units under the SEACOR Deferred Compensation Plan, plus additional cash consideration and transaction expense of approximately \$96.9 million. The Seabulk Merger was accounted for as a purchase, with SEACOR as the acquirer in accordance with Statement of Financial Accounting Standards No. 141, *Business Combinations*. Accordingly, SEACOR performed a fair value analysis whereby the purchase price was allocated to the assets and liabilities of Seabulk, including certain identifiable intangible assets, based on their fair values as of July 1, 2005, with the excess of purchase price over fair value recorded as goodwill in the amount of \$13.9 million. The fair value analysis of assets and liabilities acquired in the Seabulk Merger was finalized as of July 1, 2006.

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Changes to the allocation of purchase price during the nine months ended September 30, 2006 are summarized in the following table (in thousands):

Trade receivables	\$ 830
Held for sale assets	(705)
Net property and equipment	(7,818)
Goodwill	1,738
Intangible Assets	(8,808)
Other Assets	10,671
Other current liabilities	1,007
Deferred Taxes	1,639
Adjustments to Purchase Price ⁽¹⁾	<u>\$(1,446)</u>

⁽¹⁾ Represents tax benefit on SEACOR restricted stock units issued in connection with the Seabulk Merger.

As part of the fair value analysis, the Company designated certain Seabulk vessels as held for sale in the aggregate amount of \$123.0 million, net of dry dock commitments, including two foreign-flag double-hull product tankers, one tug and 13 offshore supply vessels. During the six months ended December 31, 2005, Seabulk sold the two foreign-flag double-hull product tankers, one tug and seven offshore supply vessels for aggregate consideration of \$116.5 million. No gain or loss on sale of the vessels was recognized in 2005 as the fair value of the vessels was equal to the net sales price. During the nine months ended September 30, 2006, Seabulk sold the remaining six offshore supply vessels for aggregate consideration of \$7.2 million and recognized a gain of \$0.7 million.

Pro forma Information—The following pro forma information has been prepared as if the acquisition of Seabulk had occurred on January 1, 2005 (in thousands, except per share data):

	For the Nine Months Ended September 30,	
	2006	2005 Pro forma
Operating Revenues	\$ 986,262	\$ 830,153
Operating Income	268,088	97,762
Net Income	176,039	57,991
Basic Earnings Per Common Share	7.11	2.35
Diluted Earnings Per Common Share	6.32	2.16

This pro forma information has been prepared for informational purposes only and is not necessarily indicative of what would have occurred if the acquisition had taken place on that date, nor does it purport to be indicative of the future operating results of the Company.

3. Equipment Acquisitions, Dispositions and Depreciation Policy

Capital expenditures were \$237.7 million in the nine months ended September 30, 2006. Equipment deliveries during the period included four offshore services vessels, 50 new dry cargo covered hopper barges, three new chemical tank barges, two deck barges and eight new helicopters.

During the nine months ended September 30, 2006, in addition to the disposition of the six Seabulk vessels that had been held for sale, the Company sold 41 offshore support vessels, three helicopters, other equipment and undelivered equipment for aggregate consideration of \$161.4 million and recognized a gain of \$56.3 million.

Equipment, stated at cost, is depreciated over the estimated useful lives of the assets using the straight-line method. For offshore support vessels and related equipment estimated useful lives are generally 20 years from date of build, for tankers 25 years from date of build or the required retirement date as determined by the Oil Pollution Act of 1990, for inland river dry cargo, deck and chemical tank barges 20 years from date of build, for helicopters and related equipment twelve years from date of build, for tugs used in Harbor and Offshore Towing Services 40 years from date of build, and for all other equipment two to 20 years.

4. Disposition of Joint Venture Interest and Vessel

In 1994, the Company and Grupo TMM, S.A., a Mexican corporation ("TMM") organized a joint venture, Maritima Mexicana, S.A. de C.V. ("Marmex") to serve the Mexican offshore market. Effective March 3, 2006, the Company sold its 40% interest in Marmex to TMM for \$20.0 million recognizing an after tax gain thereon of \$4.5 million and was released from its guarantees in the amount of \$8.0 million with respect to vessels bareboat chartered to the joint venture. In addition, TMM purchased five offshore vessels from the Company for aggregate consideration of approximately \$37.3 million (see Note 3).

During the three months ended June 30, 2006, one of the Company's offshore marine joint ventures sold a vessel for \$27.8 million. The Company's share of the gain included in Equity in Earnings of 50% or Less Owned Companies was \$4.2 million.

5. Construction Reserve Funds

Construction reserve fund accounts were established by the Company pursuant to Section 511 of the Merchant Marine Act, 1936, as amended. In accordance with this statute, the Company is permitted to deposit proceeds from the sale of certain vessels into the joint depository construction reserve fund accounts for the purpose of acquiring U.S. flag vessels and qualifying for the temporary deferral of taxable gains realized from the sale of vessels. Withdrawals from the construction reserve fund accounts are only permitted with the consent of the Maritime Administration.

As of September 30, 2006, construction reserve funds of \$255.9 million are classified as non-current assets in the accompanying condensed consolidated balance sheets as the Company has the intent and ability to use the funds to acquire equipment. During the nine months ended September 30, 2006, construction reserve fund account transactions included withdrawals of \$10.2 million, deposits of \$136.9 million and earned interest of \$6.4 million.

6. Commitments and Contingencies

The Company's unfunded capital commitments as of September 30, 2006 consisted primarily of marine service vessels, harbor tugs, helicopters, barges and capital improvements to certain of the existing marine transportation fleet. Such unfunded capital commitments totaled \$685.8 million, of which \$151.0 million and \$323.8 million is payable in 2006 and 2007, respectively, with the remaining balance payable through 2009. Of these commitments, approximately \$183.8 million may be terminated without further liability other than the payment of liquidated damages of \$9.8 million in the aggregate. Subsequent to September 30, 2006, a joint venture in which the Company has a 50% interest assumed \$65.6 million of the above unfunded capital commitments.

The Company has guaranteed the payment of amounts owed by one of its joint ventures under a vessel charter agreement that expires in 2011. In addition, the Company has guaranteed amounts owed by certain of its joint ventures under a banking facility and a performance guarantee. As of September 30, 2006, the total amount guaranteed by the Company was \$8.4 million.

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

In June 2005, a subsidiary of SEACOR received a document subpoena from the Antitrust Division of the U.S. Department of Justice. This subpoena relates to a grand jury investigation of potential antitrust violations among providers of helicopter transportation services in the Gulf of Mexico. The Company believes that this subpoena is part of a broader industry inquiry and that the other providers also have received such subpoena. SEACOR intends to provide all information requested in response to this investigation.

Under United States law, "United States persons" are prohibited from business activities and contracts in certain countries, including Sudan and Iran. Relating to the prohibitions, Seabulk filed three reports with and submitted documents to the Office of Foreign Asset Control ("OFAC") of the U.S. Department of Treasury in December 1999 and January and May 2002. One of the reports was also

filed with the Bureau of Export Administration of the U.S. Department of Commerce. The reports and documents related to certain limited charters with third parties involving three Seabulk vessels which called in Sudan for several months in 1999 and January 2000 and charters with third parties involving several of Seabulk's vessels which called in Iran in 1998. In March 2003, Seabulk received notification from OFAC that the case has been referred to its Civil Penalties Division. Should OFAC determine that these activities constituted violations of the laws or regulations, civil penalties, including fines, could be assessed against Seabulk and/or certain individuals who knowingly participated in such activity. The Company cannot predict the extent of such penalties; however, management does not believe the outcome of these matters will have a material impact on its financial position or results of operations.

Certain subsidiaries of the Company were previously participating employers in an industry-wide, multi-employer, defined benefit pension fund based in the United Kingdom: the Merchant Navy Officers Pension Fund ("MNOFP"). Under the direction of a court order, any deficit is to be remedied through future funding contributions from all participating employers. An actuarial valuation of the MNOFP determined there was a funding deficit of \$412.0 million of which \$4.4 million, representing the Company's share of this deficit, was invoiced and recognized in 2005. Deficits allocable to the Company relate to officers employed between 1978 and 2002 by SEACOR's Stirling group of companies (which had been acquired by SEACOR in 2001) and its predecessors. In March 2006, the MNOFP underwent another actuarial valuation to determine if additional contributions would be required. The Company has received notification that a draft actuarial valuation will be discussed in a meeting of participating employers in December 2006. Depending on the results of this and future actuarial valuations, it is possible that the MNOFP will issue additional invoices requiring the Company to recognize payroll related operating expenses in the period invoices are received.

7. Long-Term Debt

As of September 30, 2006, the Company had no outstanding borrowings under the SEACOR Revolving Credit Facility. During the three months ended March 31, 2006, the Company terminated Seabulk's credit facility.

During the nine months ended September 30, 2006, the Company made principal payments on long-term debt and capital lease obligations of \$28.0 million and received offshore vessel construction financing of \$16.5 million. Payments included \$10.5 million on debt assumed in a December 2005 acquisition and \$9.5 million on the termination of a capital lease and the payoff of an offshore vessel note assumed in the Seabulk Merger.

On November 3, 2006, the Company replaced its existing revolving credit facility that was due to expire in February 2007 with a new unsecured revolving credit facility that is due to expire in November 2013. The amount of the new revolving credit facility is initially \$300.0 million which, in the absence of a material adverse change or event of default, may be increased with Lender consent to up to \$450.0 million. The new revolving credit facility will be reduced by 10% of the maximum committed amount during its term (\$300.0 million plus any agreed upon increase) at the beginning of each of the final two years of the credit agreement. As of November 3, 2006, the Company had no outstanding borrowings under the new revolving credit facility and the remaining availability under this new facility was \$299.5 million, net of issued letters of credit of \$0.5 million. Additionally, SEACOR had outstanding issued letters of credit apart from the new revolving credit facility totaling \$42.5 million.

8. Stock and Debt Repurchases

During the nine months ended September 30, 2006, the Company acquired 727,180 shares of Common Stock for treasury in the amount of \$58.1 million. As of September 30, 2006, repurchase authority of \$42.6 million granted by the Company's Board of Directors remained available for acquisition of additional shares of Common Stock, SEACOR's 7.2% Senior Notes Due 2009, its 5 $\frac{7}{8}$ % Senior Notes due 2012, its 2.875% Convertible Debentures Due 2024 and the 9.5% senior notes of Seabulk due 2013. Securities are acquired from time to time through open market purchases, privately negotiated transactions or otherwise, depending on market conditions.

9. Earnings Per Common Share

Basic earnings per common share were computed based on the weighted average number of common shares issued and outstanding during the relevant periods. Diluted earnings per common share were computed based on the weighted average number of common shares issued and outstanding plus the effect of potentially dilutive securities. In determining dilutive securities for this purpose the Company assumes, through the application of the treasury stock and if-converted methods, all restricted stock grants have vested, all common shares have been issued pursuant to the exercise of all outstanding stock options and all common shares have been issued pursuant to the conversion of all outstanding convertible notes. Diluted earnings per common share for the three months ended September 30, 2006 excluded 80,750 shares subject to stock options as the effect of their inclusion in the computation would have been antidilutive. Diluted earnings per share for the nine months ended September 30, 2006 excluded 113,750 shares subject to stock options and 18,500 shares of restricted stock as the effect of their inclusion in the computation would have been antidilutive. Diluted earnings per common share for the three and nine months ended September 30, 2005 excluded 27,058 shares subject to stock options and 109,768 shares of restricted stock as the effect of their inclusion in the computation would have been antidilutive.

Computations of basic and diluted earnings per share for the periods presented are as follows (in thousands, except per share data):

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
	Net Income	Average O/S Shares	Per Share	Net Income	Average O/S Shares	Per Share
2006						

Basic Earnings Per Common Share	\$ 63,170	24,575	\$ 2.57	\$ 176,039	24,743	\$ 7.11
Effect of Dilutive Securities, net of tax:						
Options and Restricted Stock	—	289	—	—	287	
Convertible Securities	1,213	3,418	3,639	3,418		
Diluted Earnings Per Common Share	\$ 64,383	28,282	\$ 2.28	\$ 179,678	28,448	\$ 6.32
2005						
Basic Earnings Per Common Share	\$ 20,497	24,789	\$ 0.83	\$ 64,212	20,486	\$ 3.13
Effect of Dilutive Securities, net of tax:						
Options and Restricted Stock	—	355	—	—	247	
Convertible Securities	1,211	3,418	3,619	3,418		
Diluted Earnings Per Common Share	\$ 21,708	28,562	\$ 0.76	\$ 67,831	24,151	\$ 2.81

10. Comprehensive Income

For the three months ended September 30, 2006 and 2005, total comprehensive income was \$62.9 million and \$12.2 million, respectively. For the nine months ended September 30, 2006 and 2005, total comprehensive income was \$175.2 million and \$47.8 million, respectively. Other comprehensive income consisted of gains and losses from foreign currency translation adjustments and unrealized holding gains and losses on available-for-sale securities.

11. Share-Based Compensation

On December 16, 2004, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards No. 123 (revised 2004), *Share-Based Payments* (“SFAS No. 123(R)”), which is a revision of Statement of Financial Accounting Standards No. 123, *Share-Based Payments*. SFAS No. 123(R) supersedes Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* (“APB No. 25”) and amends Statement of Financial Accounting Standards No. 95, *Statement of Cash Flows*. SFAS No. 123(R) requires all share based payments to employees, including grants of employee stock options, to be recognized in the statement of operations based on their fair values. SFAS No. 123(R) eliminates the alternative of using the intrinsic method of accounting provided for in APB No. 25, which generally resulted in no compensation expense recorded in the financial statements related to the grant of stock options to employees if certain conditions were met.

The fair value concepts were not changed significantly in SFAS No. 123(R); however, companies must choose among alternative valuation models and amortization assumptions upon adoption of the new standard. After assessing alternative valuation models and amortization assumptions, the Company has continued using both the Black-Scholes valuation model and straight-line amortization of compensation expense over the requisite service period of the grants. The Company will reconsider use of this model if additional information becomes available in the future that indicates another model would be more appropriate, or if grants issued in future periods have characteristics that cannot be reasonably estimated using this model. The Company has previously estimated forfeitures in its expense calculation for pro forma footnote disclosure and no change in that methodology was made upon adoption of SFAS No. 123(R).

The Company’s share-based compensation plans as described in Note 13 of the consolidated financial statements included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2005 have not been modified during the nine months ended September 30, 2006. Effective January 1, 2006, the Company adopted SFAS No. 123(R) using the modified prospective method which requires the Company to record compensation expense for all awards granted after the date of adoption and for the unvested portion of previously granted awards that remain outstanding at the date of adoption. Accordingly, prior period amounts presented herein have not been restated to reflect the adoption of SFAS No. 123(R). In accordance with SFAS No. 123(R), the Company will present the excess tax benefits from the exercise of stock options as a financing cash flow in our statements of cash flows. The impact of adopting SFAS No. 123(R) lowered net income for the three and nine months ended September 30, 2006, \$0.3 million and \$1.2 million, respectively. The impact of adopting SFAS No. 123(R) lowered basic earnings per common share for the three and nine months ended September 30, 2006, \$0.01 and \$0.05, respectively, and lowered diluted earnings per common share for the three and nine months ended September 30, 2006, \$0.01 and \$0.04, respectively.

During the three and nine months ended September 30, 2006, the Company recognized \$1.6 million and \$4.9 million, respectively, of compensation expense related to stock options, employee stock purchase plan purchases, restricted stock grants (including restricted stock units) and director stock grants. As of September 30, 2006, the Company had approximately \$15.6 million in total unrecognized compensation costs of which \$1.6 million and \$4.8 million is expected to be recognized in 2006 and 2007, respectively, with the remaining balance recognized through 2011.

The previously disclosed pro forma effects of recognizing the estimated fair value of stock-based compensation are presented below (in thousands, except per share data):

	Three Months Ended September 30, 2005	Nine Months Ended September 30, 2005
Net Income, As Reported	\$ 20,497	\$ 64,212

Add: Stock Based Compensation Using Intrinsic Value Method, net of tax	467	1,381
Less: Stock Based Compensation Using Fair Value Method, net of tax	(686)	(1,894)
Net Income, Pro Forma	\$ 20,278	\$ 63,699
Basic Earnings Per Common Share:		
As Reported	\$ 0.83	\$ 3.13
Pro Forma	0.82	3.11
Diluted Earnings Per Common Share:		
As Reported	\$ 0.76	\$ 2.81
Pro Forma	0.75	2.79

The weighted average value of grants under the Company's share-based compensation plans were \$48.90 and \$37.50 for the nine months ended September 30, 2006 and 2005, respectively. The fair value of each option granted during the nine months ended September 30, 2006 and 2005 is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions: (a) no dividend yield, (b) weighted average expected volatility of 25.7% and 27.6%, respectively, (c) weighted average discount rates of 4.90% and 3.98%, respectively, and (d) expected lives of five years.

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The following transactions have occurred in connection with the Company's share-based compensation plans during the nine months ended September 30, 2006:

	Number of Shares	Weighted Average Exercise / Grant Price
Stock Option Activities:		
Outstanding at December 31, 2005	919,653	\$ 37.23
Granted	152,750	\$ 81.30
Exercised	(185,598)	\$ 21.08
Cancelled	(5,205)	\$ 73.73
Outstanding at September 30, 2006	881,600	\$ 48.05
Options exercisable at September 30, 2006	532,032	\$ 37.99
Director stock awards granted	3,875	\$ 80.56
Restricted stock awards granted (including 275 restricted stock units)	117,920	\$ 74.58
Restricted stock awards cancelled	635	\$ 71.32
Employee Stock Purchase Plan shares issued	23,921	\$ 60.18
Shares available for future grant at September 30, 2006	672,073	

During the nine months ended September 30, 2006, the Company also issued 47,005 shares of Common Stock in exchange for restricted stock units previously issued by Seabulk and assumed as part of the Seabulk Merger.

The aggregate intrinsic value of options exercised during the nine months ended September 30, 2006 was \$10.4 million. As of September 30, 2006, the aggregate intrinsic value of all options outstanding, all exercisable options and all restricted stock awards outstanding was \$30.4 million, \$23.7 million and \$14.8 million, respectively.

The following table summarizes certain information about the options outstanding at September 30, 2006 grouped into five exercise price ranges:

	Exercise Price Range				
	Under \$15.01	\$15.01 to \$30.00	\$30.01 to \$45.00	\$45.01 to \$60.00	over \$60.00
Options outstanding at September 30, 2006	35,682	85,949	393,769	115,400	250,800
Weighted-average exercise price	12.80	27.22	37.47	51.61	75.17
Weighted-average remaining contractual life (years)	2.94	3.07	5.60	6.35	9.31
Options exercisable at September 30, 2006	35,682	79,667	298,846	79,602	38,235
Weighted average exercise price of exercisable options	12.80	27.61	37.12	50.46	63.98

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On July 13, 2006 the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109* (“FIN 48”). FIN 48 applies to all tax positions related to income taxes subject to Financial Accounting Standards Board Statement No. 109, *Accounting for Income Taxes*. FIN 48 clarifies the accounting for income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. Differences between the amounts recognized in the statements of financial position prior to the adoption of FIN 48 and the amounts reported after adoption will be accounted for as a cumulative effect adjustment recorded to the beginning balance of retained earnings. FIN 48 is effective for fiscal years beginning after December 15, 2006 and will be adopted by SEACOR on January 1, 2007. The Company is reviewing the new standard and has not determined the impact, if any, the adoption of FIN 48 will have on its consolidated financial position or results of operations.

On September 15, 2006 the FASB issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (“SFAS No. 157”). SFAS No. 157 provides a single definition of fair value, together with a framework for measuring it, and requires additional disclosure about the use of fair value to measure assets and liabilities. SFAS No. 157 emphasizes that fair value is a market-based measurement, not an entity-specific measurement and therefore should be determined based on the assumptions that market participants would use in pricing an asset or liability. SFAS No. 157 sets out a fair value hierarchy and requires companies to disclose fair value measurements within that hierarchy. SFAS No. 157 is effective for fiscal years beginning after November 15, 2006 and will be adopted by SEACOR on January 1, 2007. The Company is reviewing the new standard and has not determined the impact, if any, the adoption of SFAS No. 157 will have on its consolidated financial position or results of operations.

13. Segment Information

Accounting standards require public business enterprises to report information about each of their operating business segments that exceed certain quantitative thresholds or meet certain other reporting requirements. Operating business segments have been defined as a component of an enterprise about which separate financial information is available and is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company’s basis of measurement of segment profit or loss has not changed from those previously described in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2005. Certain reclassifications of prior period information have been made to conform to the current period’s reportable segment presentation.

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The following tables summarize information about the operating results for the Company’s reportable segments (in thousands):

	Offshore Marine Services	Marine Transportation Services	Inland River Services	Aviation Services	Environmental Services	Other	Total
For the Three Months Ended September 30, 2006							
External customers	\$ 179,826	\$ 35,617	\$ 38,798	\$ 43,755	\$ 38,885	\$ 12,480	\$ 349,361
Intersegment	(139)	—	—	44	—	72	(23)
Operating revenues	179,687	35,617	38,798	43,799	38,885	12,552	349,338
Operating expenses	(89,791)	(21,017)	(18,563)	(33,269)	(26,370)	(7,744)	(196,754)
Administrative and general	(10,118)	(1,064)	(1,013)	(3,413)	(5,931)	(1,668)	(23,207)
Depreciation and amortization	(19,353)	(10,159)	(3,804)	(5,264)	(731)	(1,265)	(40,576)
Gains on asset dispositions	10,168	—	—	1,880	6	—	12,054
Other income (expense), primarily foreign currency	(166)	(3)	26	—	(39)	—	(182)
Equity in earnings of 50% or less owned companies	1,683	—	—	—	374	550	2,607
Reportable Segment Profit	\$ 72,110	\$ 3,374	\$ 15,444	\$ 3,733	\$ 6,194	\$ 2,425	\$ 103,280
Corporate expenses							(7,910)
Other income (expense) not included above							5,283
Equity in earnings of 50% or less owned companies							(2,607)
Segment Eliminations							5
Income before Taxes, Minority Interest and Equity Earnings							\$ 98,051
For the Three Months Ended September 30, 2005							
External customers	\$ 146,823	\$ 35,723	\$ 29,702	\$ 43,949	\$ 27,466	\$ 11,206	\$ 294,869
Intersegment	19	—	—	—	—	137	156
Operating revenues	146,842	35,723	29,702	43,949	27,466	11,343	295,025
Operating expenses	(82,726)	(24,692)	(17,203)	(30,583)	(17,400)	(7,674)	(180,278)
Administrative and general	(11,290)	(705)	(644)	(3,579)	(4,546)	(1,335)	(22,099)
Depreciation and amortization	(25,040)	(11,663)	(3,151)	(4,212)	(901)	(1,226)	(46,193)
Gains (losses) on asset dispositions	(905)	—	—	306	(19)	—	(618)
Other income, primarily foreign currency	3,288	—	—	—	17	26	3,331
Equity in earnings (losses) of 50% or less owned companies	2,051	—	—	—	270	(2,121)	200
Reportable Segment Profit	\$ 32,220	\$ (1,337)	\$ 8,704	\$ 5,881	\$ 4,887	\$ (987)	\$ 49,368
Corporate expenses							(9,378)
Other income (expense) not included above							(5,828)
Equity in earnings (losses) of 50% or less owned companies							(200)
Segment Eliminations							6
Income before Taxes, Minority Interest and Equity Earnings							\$ 33,968

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	Offshore Marine Services	Marine Transportation Services	Inland River Services	Aviation Services	Environmental Services	Other	Total
For the Nine Months Ended September 30, 2006							
External customers	\$ 507,952	\$ 110,787	\$ 109,625	\$ 116,804	\$ 103,754	\$ 37,340	\$ 986,262
Intersegment	(128)	—	—	352	—	252	476
Operating revenues	507,824	110,787	109,625	117,156	103,754	37,592	986,738
Operating expenses	(255,992)	(60,552)	(52,607)	(88,751)	(73,223)	(22,921)	(554,046)
Administrative and general	(33,276)	(3,077)	(2,658)	(11,065)	(15,492)	(5,125)	(70,693)
Depreciation and amortization	(64,273)	(30,506)	(10,545)	(14,109)	(2,205)	(3,799)	(125,437)
Gains (losses) on asset dispositions	53,209	—	—	4,023	(209)	—	57,023
Other income (expense), primarily foreign currency	116	(12)	28	489	(103)	—	518
Equity in earnings (losses) of 50% or less owned companies	13,555	—	—	(5)	737	720	15,007
Reportable Segment Profit	\$ 221,163	\$ 16,640	\$ 43,843	\$ 7,738	\$ 13,259	\$ 6,467	\$ 309,110
Corporate expenses							(25,514)
Other income (expense) not included above							(10,765)
Equity in earnings (losses) of 50% or less owned companies							(15,007)
Segment Eliminations							17
Income before Taxes, Minority Interest and Equity Earnings							\$ 257,841
For the Nine Months Ended September 30, 2005							
External customers	\$ 311,175	\$ 35,723	\$ 82,565	\$ 98,222	\$ 98,994	\$ 11,206	\$ 637,885
Intersegment	60	—	—	477	—	137	674
Operating revenues	311,235	35,723	82,565	98,699	98,994	11,343	638,559
Operating expenses	(186,311)	(24,692)	(48,855)	(74,642)	(71,402)	(7,674)	(413,576)
Administrative and general	(27,032)	(705)	(1,722)	(8,018)	(12,534)	(1,340)	(51,351)
Depreciation and amortization	(46,660)	(11,663)	(8,539)	(12,218)	(2,539)	(1,226)	(82,845)
Gains on asset dispositions	13,788	—	11	891	20	—	14,710
Other income, primarily foreign currency	7,118	—	27	192	58	76	7,471
Equity in earnings (losses) of 50% or less owned companies	4,911	—	—	—	930	(1,430)	4,411
Reportable Segment Profit (Loss)	\$ 77,049	\$ (1,337)	\$ 23,487	\$ 4,904	\$ 13,527	\$ (251)	\$ 117,379
Corporate expenses							(18,082)
Other income (expense) not included above							514
Equity in earnings (losses) of 50% or less owned companies							(4,411)
Segment Eliminations							16
Income before Taxes, Minority Interest and Equity Earnings							\$ 95,416

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Form 10-Q includes "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 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 include, among others: the cyclical nature of the oil and gas industry, international operations, changes in foreign political, military and economic conditions, the dependence of Offshore Marine Services, Marine Transportation Services and Aviation Services on several customers, industry fleet capacity, consolidation of our customer base, the ongoing need to replace aging vessels, restrictions imposed by the Shipping Acts and Aviation Acts on the amount of foreign ownership of the Company's Common Stock, increased competition if the Jones Act is repealed, safety record requirements related to Offshore Marine Services and Aviation Services, changes in foreign and domestic oil and gas exploration and production activity, vessel and helicopter-related risks of Offshore Marine Services, Marine Transportation Services, Harbor and Offshore Towing Services and Aviation Services, effects of adverse weather conditions and seasonality on Aviation Services, decreased demand for our tanker and towing services due to construction of additional refined petroleum product, natural gas or crude oil pipelines or due to decreased demand for refined petroleum products, crude oil or chemical products or a change in existing methods of delivery, future phase-out of our single-hull tankers, dependence of spill response revenue on the number and size of spills and upon continuing government regulation in this area and our ability to comply with such regulation and other governmental regulation, changes in NRC's OSRO classification, liability in connection with providing spill response services, effects of adverse weather and river conditions and seasonality on inland river operations, the level of grain export volume, the effect of fuel prices on barge towing costs, variability in freight rates for inland river barges, the effect of international economic and political factors in inland river operations, adequacy of insurance coverage, compliance with government regulation, including environmental laws and regulations, currency exchange fluctuations, the attraction and retention of qualified personnel by the Company, our integration of the internal controls and procedures of Seabulk International, Inc. to continue our compliance with the Sarbanes-Oxley Act of 2002 and various other matters, many of which are beyond the Company's control and other factors. In addition, these statements constitute our cautionary statements under the Private Securities Litigation Reform Act of 1995. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider the following to be a complete discussion of all potential risks or uncertainties. The words "estimate," "project," "intend," "believe," "plan" 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. We disclaim any obligation or undertaking to provide any updates or revisions to any forward-looking statement to reflect any change in our expectations or any change in events, conditions or circumstances on which the forward-looking statement is based. The forward-looking statements in this Form 10-O should be evaluated

together with the many uncertainties that affect our businesses, particularly those mentioned under “Risks, Uncertainties and Other Factors That May Affect Future Results” in Item 1A of our Form 10-K and SEACOR’s periodic reporting on Form 8-K (if any), which we incorporate by reference.

Consolidated Results of Operations

The table below provides an analysis of the Company’s consolidated statements of operations for the three months (“Current Year Quarter”) and nine months (“Current Nine Months”) ended September 30, 2006 as compared to the three months (“Prior Year Quarter”) and nine months (“Prior Nine Months”) ended September 30, 2005. Additional discussions of results of operations by business segment are presented below (in thousands):

	For the Three Months Ended September 30,				For the Nine Months Ended September 30,				Percent Change	
	2006		2005		2006		2005		3 Mos	9 Mos
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	'06/ '05	'06/ '05
Operating Revenues:										
Offshore Marine Services	\$ 179,687	51%	\$ 146,842	50%	\$ 507,824	51%	\$ 311,235	49%	22%	63%
Marine Transportation Services	35,617	10%	35,723	12%	110,787	11%	35,723	5%	—%	210%
Inland River Services	38,798	11%	29,702	10%	109,625	11%	82,565	13%	31%	33%
Aviation Services	43,799	13%	43,949	15%	117,156	12%	98,699	15%	—%	19%
Environmental Services	38,885	11%	27,466	9%	103,754	11%	98,994	16%	42%	5%
Other and Eliminations	12,575	4%	11,187	4%	37,116	4%	10,669	2%	12%	248%
	<u>\$ 349,361</u>	<u>100%</u>	<u>\$ 294,869</u>	<u>100%</u>	<u>\$ 986,262</u>	<u>100%</u>	<u>\$ 637,885</u>	<u>100%</u>	18%	55%
Operating Income	<u>\$ 92,950</u>	<u>27%</u>	<u>\$ 36,465</u>	<u>13%</u>	<u>\$ 268,088</u>	<u>27%</u>	<u>\$ 87,431</u>	<u>14%</u>	155%	207%
Other income (expense)	5,101	1%	(2,497)	(1)%	(10,247)	(1)%	7,985	1%	304%	(228)%
Income before income taxes, minority interest & equity earnings	98,051	28%	33,968	12%	257,841	26%	95,416	15%	189%	170%
Income tax expense	37,037	11%	13,894	5%	96,171	10%	36,082	6%	167%	167%
Income before minority interest & equity earnings	61,014	17%	20,074	7%	161,670	16%	59,334	9%	204%	172%
Minority interest	(451)	—%	223	—%	(638)	—%	103	—%	(302)%	(719)%
Equity earnings	2,607	1%	200	—%	15,007	2%	4,411	1%	1204%	240%
Income from continuing operations	63,170	18%	20,497	7%	176,039	18%	63,848	10%	208%	176%
Discontinued operations	—	—%	—	—%	—	—%	364	—%	N/A	N/A
Net income	<u>\$ 63,170</u>	<u>18%</u>	<u>\$ 20,497</u>	<u>7%</u>	<u>\$ 176,039</u>	<u>18%</u>	<u>\$ 64,212</u>	<u>10%</u>	208%	174%

Offshore Marine Services

	For the Three Months Ended September 30,				For the Nine Months Ended September 30,				Percent Change	
	2006		2005		2006		2005		3 Mos	9 Mos
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	'06/ '05	'06/ '05
Operating Revenues:										
United States	\$ 99,285	55%	\$ 66,558	45%	\$ 278,668	55%	\$ 152,261	49%	49%	83%
Africa, primarily West Africa	42,444	24%	35,406	24%	117,600	23%	61,740	20%	20%	90%
United Kingdom	16,348	9%	14,386	10%	45,165	9%	46,756	15%	14%	(3)%
Asia	10,198	6%	12,517	9%	28,936	6%	19,820	6%	(19)%	46%
Middle East	8,306	4%	7,881	5%	23,824	5%	7,881	3%	5%	202%
Latin America/Mexico	3,106	2%	9,871	7%	13,631	2%	21,524	7%	(69)%	(37)%
Other	—	—%	223	—%	—	—%	1,253	—%	N/A	N/A
Total Foreign	80,402	45%	80,284	55%	229,156	45%	158,974	51%	—%	44%
	<u>\$ 179,687</u>	<u>100%</u>	<u>\$ 146,842</u>	<u>100%</u>	<u>\$ 507,824</u>	<u>100%</u>	<u>\$ 311,235</u>	<u>100%</u>	22%	63%
Operating Income	<u>\$ 70,593</u>	<u>39%</u>	<u>\$ 26,881</u>	<u>18%</u>	<u>\$ 207,492</u>	<u>41%</u>	<u>\$ 65,020</u>	<u>21%</u>	163%	219%

Operating Revenues. Operating revenues increased \$32.9 million in the Current Year Quarter compared to the Prior Year Quarter due to a 45.6% increase in average day rates, partially offset by a 12.4% reduction in available days, primarily due to net vessel dispositions.

Operating revenues increased \$196.6 million in the Current Nine Months compared to the Prior Nine Months, due to a 37.8% increase in average day rates and a 22.9% increase in available days due to net vessel acquisitions primarily related to the Seabulk Merger. Operating revenues in the Current Nine Months attributable to vessels acquired in the Seabulk Merger were \$152.8 million compared to \$50.9 million in the Prior Nine Months.

The Company regularly buys, sells, charters and repositions vessels in an effort to align Offshore Marine Services’ fleet mix with the anticipated needs of its customers. Throughout 2006, demand for equipment has been strong in response to higher levels of exploration, production and construction activity.

Domestic Operating Revenues. Operating revenues increased \$32.7 million in the Current Year Quarter compared to the Prior

Year Quarter, primarily due to a 62.5% increase in average day rates partially offset by a 6.9% reduction in available days due to net vessel dispositions. Improvements in day rates contributed additional operating revenues of \$25.9 million and a net increase in the number of vessels converted from bareboat charter to time-charter arrangements contributed an additional \$6.4 million.

Operating revenues increased \$126.4 million in the Current Nine Months compared to the Prior Nine Months, due to increased day rates, an increase in overall fleet size and the conversion of bareboat charter-out arrangements to time-charter contracts primarily due to vessels returning to the U.S. Gulf of Mexico following the sale of the Company's interest in its Mexican joint venture. The improvement in average day rates contributed additional operating revenues of \$63.7 million, net vessel acquisitions contributed an additional \$32.2 million and a net increase in the number of vessels converted from bareboat charter to time-charter arrangements contributed an additional \$15.0 million.

International Operating Revenues. Operating revenues in the Africa region increased \$7.0 million in the Current Year Quarter compared to the Prior Year Quarter due to a 42.4% increase in average day rates and higher mobilization revenue, partially offset by a 15.0% decrease in available days, due to net vessel dispositions. Improvements in day rates contributed additional operating revenues of \$10.7 million and mobilizations contributed an additional \$1.0 million while net vessel dispositions resulted in a \$4.1 million decrease in operating revenues. Two new builds were delivered and placed into service in the Current Year Quarter.

Operating revenues in the Africa region increased \$55.9 million in the Current Nine Months compared to the Prior Nine Months. Improvements in average day rates contributed additional operating revenues of \$15.9 million, mobilization revenue contributed an additional \$1.9 million and net vessel acquisitions contributed an additional \$37.0 million.

Operating revenues from Standby Safety vessel operations in the United Kingdom increased \$2.0 million in the Current Year Quarter compared to the Prior Year Quarter as a result of a 12.1% increase in average day rates and currency gains on day rates denominated in Pounds Sterling.

Operating revenues in the United Kingdom decreased \$1.5 million in the Current Nine Months compared to the Prior Nine Months primarily due to the sale of the Company's North Sea Anchor Handling Towing Supply vessel and Platform Supply vessel fleet in the Prior Nine Months.

Operating revenues in the Asia region decreased \$2.3 million in the Current Year Quarter compared to the Prior Year Quarter. Net fleet dispositions decreased operating revenues \$3.0 million offset by a \$0.8 million operating revenue increase as a result of a 10.9% increase in average day rates.

Operating revenues in the Asia region increased \$9.1 million in the Current Nine Months compared to the Prior Nine Months. Net vessel acquisitions primarily related to the Seabulk Merger contributed additional operating revenues of \$5.2 million and higher mobilization revenue contributed an additional \$2.2 million. Additionally, the Asia region experienced increased brokered vessel activity.

Operating revenues in the Middle East region increased \$15.9 million in the Current Nine Months compared to the Prior Nine Months. Net fleet additions related to the Seabulk Merger contributed additional operating revenues of \$8.3 million and higher mobilization revenue contributed an additional \$4.2 million.

Operating revenues in the Latin America/Mexico region decreased \$6.8 million in the Current Year Quarter compared to the Prior Year Quarter and decreased \$7.9 million in the Current Nine Months compared to the Prior Nine Months, primarily due to the sale and repositioning of a number of vessels out of Mexico concurrent with the sale of the Company's interest in its Mexican joint venture.

Operating Income. Operating income increased \$43.7 million in the Current Year Quarter compared to the Prior Year Quarter. The increase is primarily due to higher operating revenues of \$39.3 million attributable to improved average day rates and a \$9.5 million increase in gains on the disposition of assets, partially offset by a \$4.3 million decrease relating to the change in fleet mix.

Operating income increased \$142.4 million in the Current Nine Months compared to the Prior Nine Months. The increase is primarily due to higher operating revenues of \$84.0 million attributable to improved average day rates, \$31.9 million of incremental operating income relating to the change in fleet mix, and a \$37.8 million increase in gains on the disposition of assets.

The operating income improvements for the Current Year Quarter and Current Nine Months were partially offset by higher operating expenses for crew wages, primarily in the US Gulf of Mexico, higher repair and maintenance costs, higher drydocking costs and third party management fees.

Fleet Count. Offshore Marine Services' fleet, comprised of owned, joint ventured, bareboat chartered-in, pooled and managed vessels, is as follows:

	<u>As of September 30,</u>	
	<u>2006</u>	<u>2005</u>
Anchor handling towing supply	23	30
Crew	90	103
Mini-supply	29	29
Standby safety	27	27

Supply	25	46
Towing Supply	38	55
Other ⁽¹⁾	16	17
Overall Fleet	248⁽²⁾	307⁽³⁾

(1) Includes anchor handling tugs, maintenance vessels and specialty vessels. Prior to the Seabulk Merger, Offshore Marine Services owned one specialty vessel in this category and partially owned a second through a joint venture.

(2) Includes 172 owned, 45 chartered-in, six managed and one pooled. Joint ventures in which the Company owned a 50% or less interest owned or chartered-in 18 vessels and joint ventures in which the Company owned a majority interest owned six vessels.

(3) Includes 228 owned, 34 chartered-in, five managed and one pooled. Joint ventures in which the Company owned a 50% or less interest owned or chartered-in 33 vessels and joint ventures in which the Company owned a majority interest owned six vessels.

Operating Data. The table below sets forth operational data for Offshore Marine Services during the periods indicated.

	<u>For the Three Months Ended September 30,</u>		<u>For the Nine Months Ended September 30,</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Rates Per Day Worked:⁽¹⁾⁽²⁾⁽⁵⁾				
Anchor handling towing supply	\$ 24,666	\$ 15,170	\$ 20,831	\$ 15,543
Crew	6,470	4,265	5,885	4,155
Mini-supply	7,111	3,621	6,004	3,377
Standby safety	9,122	8,135	8,570	8,197
Supply	11,965	8,068	11,356	8,617
Towing supply	9,580	6,984	8,764	7,385
Other ⁽⁸⁾	8,743	6,299	7,900	6,595
Overall Fleet Day Rate	9,564	6,564	8,726	6,332
Utilization:⁽¹⁾⁽³⁾⁽⁵⁾				
Anchor handling towing supply	85%	84%	88%	82%
Crew	92%	89%	89%	88%
Mini-supply	87%	97%	90%	88%
Standby safety	93%	90%	91%	90%
Supply ⁽⁶⁾	81%	84%	78%	82%
Towing supply ⁽⁷⁾	86%	91%	87%	91%
Other ⁽⁸⁾	74%	79%	77%	72%
Overall Fleet Utilization	88%	88%	87%	87%
Available Days:⁽⁴⁾				
Anchor handling towing supply	1,906	2,208	6,037	4,686
Crew	7,959	8,566	24,619	22,046
Mini-supply	2,392	2,392	7,339	7,283
Standby safety	1,932	1,932	5,733	5,733
Supply	2,499	3,680	8,988	5,667
Towing supply	2,624	3,394	8,156	5,739
Other ⁽⁸⁾	1,288	1,335	3,910	1,516
Overall Fleet Available Days	20,600	23,507	64,782	52,670

(1) Rates per day worked and utilization statistics relate only to those vessels operating under time charter arrangements.

(2) Rates per day worked with respect to any period is the ratio of total time charter revenue earned by vessels that are owned and bareboat chartered-in to total aggregate number of days worked during such period.

(3) Utilization with respect to any period is the ratio of the aggregate number of days worked for vessels that are owned and bareboat chartered-in to total calendar days available during such period.

(4) Available days for a group of vessels represents the total calendar days during which owned and chartered-in vessels are operated by the Company, excluding bareboat chartered-out vessels.

(5) Certain vessels have been included in the statistics for rates per day worked and utilization even though these vessels were unavailable for charter for some or all of 2005 and 2006 due to regulatory, operational or maintenance considerations.

(6) Had the calendar days for the vessels unavailable for charter been excluded, the utilization percentage would have been 88% and 91% for the three and nine months ended September 30, 2006, respectively.

(7) Utilization was lower in 2006 compared to 2005 primarily due to a heavier dry docking and repair schedule.

(8) Includes anchor handling tugs, maintenance vessels and specialty vessels. Prior to the Seabulk Merger, Offshore Marine Services

owned one specialty vessel in this category and partially owned a second through a joint venture.

Marine Transportation Services

	For the Three Months Ended September 30,				For the Nine Months Ended September 30,				Percent Change	
	2006		2005		2006		2005		3 Mos	9 Mos
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	'06 /'05	'06 /'05
Operating Revenues:										
United States	\$ 35,617	100%	\$ 29,770	83%	\$ 110,787	100%	\$ 29,770	83%	20%	272%
Foreign	—	—	5,953	17%	—	—	5,953	17%	N/A	N/A
	35,617	100%	35,723	100%	110,787	100%	35,723	100%	—%	210%
Operating Income	\$ 3,377	9%	\$ (1,337)	(4)%	\$ 16,652	15%	\$ (1,337)	(4)%	353%	1345%

Operating Revenues. Operating revenues for the Current Year Quarter were \$35.6 million compared to \$35.7 million in the Prior Year Quarter. Operating revenues increased in the Current Year Quarter due to improved term-contract rates and higher revenues from contracts of affreightment. These increases were partially offset by a \$2.2 million reduction in operating revenues that had been earned in the Prior Year Quarter by two foreign-flag double-hull product tankers that were sold in August and September 2005. Additionally, operating revenues in the Prior Year Quarter included \$1.2 million related to a one-time short-term charter whereby a third party vessel was chartered-in for the term of the charter.

Operating revenues for the Current Nine Months include the operations of Marine Transportation Services for the complete period compared to the Prior Nine Months which only includes operations since July 1, 2005, the date of the Seabulk Merger.

Operating Income. Operating income improved to \$3.4 million for the Current Year Quarter compared to an operating loss of \$1.3 million in the Prior Year Quarter. Two vessels underwent regulatory dockings at a total cost of \$6.7 million in the Prior Year Quarter compared to one vessel that docked at a cost of \$1.6 million in the Current Year Quarter.

Fleet Counts. As of September 30, 2006, Marine Transportation Services operated ten Jones Act U.S.-flag product tankers in the domestic coastwise trade, of which it owns nine and leases one. Subsequent to September 30, 2006, Marine Transportation Services exercised a \$0.5 million option to purchase the leased vessel at the expiration of the current lease term in February 2007.

During the Current Year Quarter Marine Transportation Services committed to retrofit two vessels with double-hulls thereby enabling these vessels to continue their current operations in the domestic coastwise trade beyond their current OPA 90 mandated retirement date. Concurrent with the end of the Current Year Quarter one of the vessels began its retrofit and is expected to be unavailable for charter through February 2007. The second vessel is expected to begin its retrofit during the first quarter of 2007 and is expected to be unavailable for charter through June 2007.

Inland River Services

	For the Three Months Ended September 30,				For the Nine Months Ended September 30,				Percent Change	
	2006		2005		2006		2005		3 Mos	9 Mos
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	'06 /'05	'06 /'05
Operating Revenues:										
United States only	\$ 38,798	100%	\$ 29,702	100%	\$ 109,625	100%	\$ 82,565	100%	31%	33%
Operating Income	\$ 15,418	40%	\$ 8,704	29%	\$ 43,815	40%	\$ 23,460	28%	77%	87%

Operating Revenues. Operating revenues increased \$9.1 million in the Current Year Quarter compared to the Prior Year Quarter primarily due to improved spot and charter rates and increased bareboat fees charged for inland river towboats. In the Current Year Quarter, available barge operating days decreased by 3.2% compared to the Prior Year Quarter as a result of net fleet reductions. In the Current Year Quarter the net fleet reductions included the return of 158 barges that had been chartered-in on a multi-year arrangement.

Operating revenues increased \$27.1 million in the Current Nine Months compared to the Prior Nine Months, due to improved spot and charter rates, increased bareboat fees charged for inland river towboats and a 5.2% increase in available barge days.

Operating Income. Operating income increased \$6.7 million in the Current Year Quarter compared to the Prior Year Quarter and increased \$20.4 million in the Current Nine Months compared to the Prior Nine Months, primarily due to the increases in operating revenue noted above and lower charter expense due to the return of the 158 barges previously chartered-in. These improvements were partially offset by higher operating expenses related to increased towing costs and vendor service charges caused by higher fuel and labor

costs.

Fleet Count. Inland River Services' fleet, comprised of owned, joint ventured, bareboat chartered-in and managed vessels, is as follows:

	<u>As of September 30,</u>	
	<u>2006</u>	<u>2005</u>
Dry cargo hopper barges	987	1,141
Chemical tank barges	61	44
Towboats	7	7
Deck barges	2	—
Overall Fleet	<u>1,057⁽¹⁾</u>	<u>1,192⁽²⁾</u>

(1) Includes 29 chartered-in, 23 joint ventured and 167 managed.

(2) Includes 182 chartered-in, six joint ventured and 204 managed.

Aviation Services

	<u>For the Three Months Ended September 30,</u>				<u>For the Nine Months Ended September 30,</u>				<u>Percent Change</u>	
	<u>2006</u>		<u>2005</u>		<u>2006</u>		<u>2005</u>		<u>3 Mos</u>	<u>9 Mos</u>
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>'06 / '05</u>	<u>'06 / '05</u>
Operating Revenues:										
United States	\$ 41,615	95%	\$ 42,429	97%	\$ 112,808	96%	\$ 96,229	97%	(2)%	17%
Foreign	2,184	5%	1,520	3%	4,348	4%	2,470	3%	44%	76%
	<u>\$ 43,799</u>	<u>100%</u>	<u>\$ 43,949</u>	<u>100%</u>	<u>\$ 117,156</u>	<u>100%</u>	<u>\$ 98,699</u>	<u>100%</u>	—%	19%
Operating Income (Loss)	<u>\$ 3,733</u>	<u>9%</u>	<u>\$ 5,881</u>	<u>13%</u>	<u>\$ 7,254</u>	<u>6%</u>	<u>\$ 4,712</u>	<u>5%</u>	(37)%	54%

Operating Revenues. Operating revenues decreased \$0.2 million in the Current Year Quarter compared to the Prior Year Quarter. Operating revenues in the Current Year Quarter were higher due to enhanced fleet mix and an overall increase in rates offset by a reduction of \$1.6 million due to non-recurring hurricane related revenue in the Prior Year Quarter.

Operating Revenue increased \$18.4 million in the Current Nine Months compared to the Prior Nine Months due to enhanced fleet mix, higher demand in the U.S. Gulf of Mexico, continued support of hurricane-related recovery efforts and an overall increase in rates.

Flight hours increased 2.4% in the Current Year Quarter compared to the Prior Year Quarter and increased 20.6% in the Current Nine Months compared to the Prior Nine Months. Aviation Services also generated increased international revenues from long-term leases of equipment that had been idle in the Prior Year Quarter and Prior Nine Months.

Operating Income. Operating income decreased \$2.1 million in the Current Year Quarter compared to the Prior Year Quarter primarily due to increased wage and training costs in preparation of new contracts, repair and maintenance expenses incurred for overhauls on major components and higher depreciation as new equipment deliveries replaced older equipment in the fleet.

Operating income increased \$2.5 million in the Current Nine Months compared to the Prior Nine Months. Increased operating revenues and lower insurance costs due to lower premium levels were offset by higher repair and maintenance expense incurred for overhauls on major components, higher operating expenses related to rebuilding bases damaged by the hurricanes in 2005 and higher depreciation as new equipment deliveries replaced older equipment in the fleet.

Fleet Count. Aviation Services' fleet, comprised of owned and chartered-in helicopters, is as follows:

	<u>As of September 30,</u>	
	<u>2006</u>	<u>2005</u>
Single engine	54 ⁽¹⁾	61 ⁽²⁾
Light twin	20	20
Medium twin	41	32
Heavy twin	3	5
Overall Fleet	<u>118</u>	<u>118</u>

(1) Includes 14 chartered-in.

(2) Includes 15 chartered-in and one managed.

Environmental Services

	For the Three Months Ended September 30,				For the Nine Months Ended September 30,				Percent Change	
	2006		2005		2006		2005		3 Mos	9 Mos
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	'06 / '05	'06 / '05
Operating Revenues:										
United States	\$ 30,962	80%	\$ 25,079	91%	\$ 85,643	83%	\$ 88,039	89%	23%	(3)%
Foreign	7,923	20%	2,387	9%	18,111	17%	10,955	11%	232%	65%
	<u>\$ 38,885</u>	<u>100%</u>	<u>\$ 27,466</u>	<u>100%</u>	<u>\$ 103,754</u>	<u>100%</u>	<u>\$ 98,994</u>	<u>100%</u>	42%	5%
Operating Income	<u>\$ 5,859</u>	<u>15%</u>	<u>\$ 4,600</u>	<u>17%</u>	<u>\$ 12,625</u>	<u>12%</u>	<u>\$ 12,539</u>	<u>13%</u>	27%	1%

Operating Revenues. Operating revenues in the Current Year Quarter increased \$11.4 million compared to the Prior Year Quarter due to a higher level of spill response activity and increased project management and consulting activity. Operating revenues from spill response activities increased \$4.1 million in the Current Year Quarter compared to the Prior Year Quarter primarily due to a spill response event in Lake Charles, Louisiana. Operating revenues for project management and consulting activity increased \$6.9 million in the Current Year Quarter compared to the Prior Year Quarter primarily due to the expansion of services internationally and increased project and professional service activities in the United States.

Operating revenues in the Current Nine Months increased \$4.8 million compared to the Prior Nine Months due to increased retainer service contracts and project management and consulting activity offset by a lower level of spill response activities. Operating revenues from spill response activity decreased \$8.5 million in the Current Nine Months compared to the Prior Nine Months. A major spill response on the Delaware River generated significant operating revenues throughout the Prior Nine Months whereas the event in Lake Charles, Louisiana was less significant and was completed in a two month period. The decrease in spill response revenues was offset by \$13.3 million of increased retainer, other project management and consulting revenues.

Operating Income. Operating income in the Current Year Quarter increased \$1.3 million compared to the Prior Year Quarter primarily due to increased operating revenues described above.

Operating income in the Current Nine Months increased \$0.1 million compared to the Prior Nine Months primarily due to increased operating revenues described above offset by higher wage and fuel costs.

The operating results of Environmental Services are very dependent on the number of spill events in a given period and the magnitude of each. Consequently, spill response revenues and related profits can vary materially between comparable periods, and the operating revenues and profits earned by these spill events in any one period are not necessarily indicative of a trend or of anticipated results in future periods.

Other Operating Income and Corporate Expenses

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		Percent Change	
	2006	2005	2006	2005	3 Mos	9 Mos
					'06/'05	'06/'05
Harbor and Offshore Towing Services	\$ 1,881	\$ 1,111	\$ 5,755	\$ 1,111	69%	418%
Corporate expense	(7,910)	(9,378)	(25,514)	(18,082)	16%	(41)%
Other	(1)	3	9	8	(133)%	13%
	<u>\$ (6,030)</u>	<u>\$ (8,264)</u>	<u>\$ (19,750)</u>	<u>\$ (16,963)</u>	27%	(16)%

Harbor and Offshore Towing Services. Operating income increased \$0.8 million in the Current Year Quarter compared to the Prior Year Quarter, primarily due to two ports experiencing higher demand for drill, Navy and miscellaneous spot work which yield higher returns. Operating income for the Current Nine Months include the operations of Harbor and Offshore Towing Services for the complete period compared to the Prior Nine Months which only includes operations beginning July 1, 2005, the date of the Seabulk Merger. As of September 30, 2006 and 2005, Harbor and Offshore Towing Services operated 26 tugs.

Corporate Expenses. Corporate expenses decreased \$1.5 million in the Current Year Quarter compared to the Prior Year Quarter primarily due to lower legal and professional fees. In the Current Nine Months compared to the Prior Nine Months, Corporate expenses increased \$7.4 million as a consequence of higher salary and related expenditures following the Seabulk Merger.

Other Income (Expense)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		Percent Change	
	2006	2005	2006	2005	3 Mos	9 Mos
					'06/'05	'06/'05
Net interest expense	\$ (3,028)	\$ (11,787)	\$ (13,721)	\$ (18,765)	74%	27%
Derivative transactions gains (losses), net	2,813	(4,425)	3,085	(6,193)	164%	150%
Foreign currency transactions gains, net	650	2,436	2,026	6,288	(73)%	(68)%
Marketable security transactions gains (losses), net	4,549	10,388	(2,377)	25,124	(56)%	(109)%

Other, net	117	891	740	1,531	(87)%	(52)%
	<u>\$ 5,101</u>	<u>\$ (2,497)</u>	<u>\$ (10,247)</u>	<u>\$ 7,985</u>	304%	(228)%

Net interest expense decreased in the Current Year Quarter and the Current Nine Months compared to the Prior Year Quarter and the Prior Nine Months, primarily due to the repayment of certain debt obligations, higher amounts of capitalized interest related to increased spending on new equipment, and increased interest income resulting from higher cash balances and higher interest rates. The decrease in net interest expense in the Current Nine Months compared to the Prior Nine Months was partially offset by additional interest costs incurred related to the debt assumed in the Seabulk Merger.

Derivative transactions gains (losses), net improved in the Current Year Quarter compared to the Prior Year Quarter due to gains on an interest rate swap assumed as part of the Seabulk Merger partially offset by losses on foreign currency future contracts. Derivative transactions gains (losses), net improved in the Current Nine Months compared to the Prior Nine Months due to decreased losses on an interest rate swap assumed as part of the Seabulk Merger and gains on commodity and foreign currency future contracts.

Marketable security transactions gains (losses), net included realized gains (losses) from the sale of equity and fixed income marketable securities and realized and unrealized gains (losses) on short-sale positions.

Equity in Earnings of 50% or Less Owned Companies

Equity earnings was \$2.6 million in the Current Year Quarter compared to \$0.2 million in the Prior Year Quarter and \$15.0 million in the Current Nine Months compared to \$4.4 million in the Prior Nine Months. The improvement was primarily the result of a Current Nine Month gain of \$4.2 million in the equity earnings of an offshore marine joint venture resulting from the sale of an offshore supply vessel, a Current Nine Months gain of \$4.5 million on the sale of the Company's interest in a Mexican joint venture, and a Prior Year Quarter impairment charge of \$2.7 million in a communications joint venture.

Discontinued Operations

On December 31, 2004, the Company acquired all of the issued and outstanding shares of Era Aviation, Inc. ("Era"). Effective May 27, 2005, the Company sold Era's regional airline service business for cash consideration of \$15.0 million. The operating results of the regional airline service business for the Prior Nine Months have been reported as "Discontinued Operations" in the Company's Condensed Consolidated Statement of Income.

Liquidity and Capital Resources

General

The Company's ongoing liquidity requirements arise primarily from working capital needs, business acquisitions, construction or improvement of equipment, repayment of debt obligations, repurchase of common stock and purchase of other investments. Principal sources of liquidity are cash balances, marketable securities, construction reserve funds, cash flows from operations and borrowings under the Company's revolving credit facility although, from time to time, the Company may issue debt, shares of Common Stock, preferred stock, or a combination thereof, or sell vessels and other assets to finance the acquisition of equipment and businesses or make improvements to existing equipment. Fleet size, rates of hire and utilization of the Company's offshore support vessels, inland barges, helicopters, tankers and harbor tugs and the number and severity of oil spills managed by Environmental Services primarily determine the Company's levels of operating cash flows.

Summary of Cash Flows

	For the Nine Months Ended September 30,	
	2006	2005
Cash flows provided by or (used in):		
Operating activities	\$ 235,904	\$ 107,719
Investing activities	(167,633)	140,430
Financing activities	(59,541)	7,137
Effect of exchange rate changes on cash and cash equivalents	1,320	(162)
Net increase in cash and cash equivalents	<u>\$ 10,050</u>	<u>\$ 255,124</u>

Operating Activities

Cash flows from operating activities increased in the Current Nine Months compared to the Prior Nine Months primarily due to the Seabulk Merger and improved operating results before depreciation and asset sales in all of the Company's lines of business (see Consolidated Results of Operations discussion above).

Investing Activities

Cash flows used in investing activities increased in the Current Nine Months compared to the Prior Nine Months primarily from

increased capital expenditures, investments in joint ventures and deposits into construction reserve funds from sales of offshore supply vessels and decreased proceeds on sales of assets and securities. These additional cash uses were partially offset by a decrease in net cash expended on business acquisitions, purchases of securities and proceeds on the sale of the Marmex joint venture. Capital expenditures aggregated \$237.7 million in the Current Nine Months. Also in the Current Nine Months, the Company sold vessels, helicopters, barges, "held for sale" assets, other equipment and undelivered equipment for aggregate consideration of \$168.6 million.

Construction reserve fund accounts were established by the Company pursuant to Section 511 of the Merchant Marine Act, 1936, as amended. In accordance with this statute, the Company is permitted to deposit proceeds from the sale of certain vessels into the joint depository construction reserve fund accounts for the purpose of acquiring U.S. flag vessels and qualifying for the temporary deferral of taxable gains realized from the sale of vessels. Withdrawals from the construction reserve fund accounts are only permitted with the consent of the Maritime Administration.

As of September 30, 2006, construction reserve funds of \$255.9 million are classified as non-current assets in the accompanying condensed consolidated balance sheets as the Company has the intent and ability to use the funds to acquire equipment. During the Current Nine Months, construction reserve fund account transactions included withdrawals of \$10.2 million, deposits of \$136.9 million and earned interest of \$6.4 million.

The Company's unfunded capital commitments as of September 30, 2006 consisted primarily of marine service vessels, harbor tugs, helicopters, barges and capital improvements to certain of the existing marine transportation fleet. Such unfunded capital commitments totaled \$685.8 million, of which \$151.0 million and \$323.8 million is payable in 2006 and 2007, respectively, with the remaining balance payable through 2009. Of these commitments, approximately \$183.8 million may be terminated without further liability other than the payment of liquidated damages of \$9.8 million in the aggregate. Subsequent to September 30, 2006, a joint venture in which the Company has a 50% interest assumed \$65.6 million of the above unfunded capital commitments.

Financing Activities

Cash flows used in financing activities increased in the Current Nine Months compared to the Prior Nine Months primarily due to increased repurchases of Common Stock and decreased proceeds from issuance of long-term debt, partially offset by a decrease in payments on long-term debt obligations.

During the Current Nine Months the Company acquired 727,180 shares of Common Stock for treasury in the amount of \$58.1 million. As of September 30, 2006, repurchase authority of \$42.6 million granted by the Company's Board of Directors remained available for acquisition of additional shares of Common Stock, SEACOR's 7.2% Senior Notes Due 2009, its 5⁷/₈% Senior Notes due 2012, its 2.875% Convertible Debentures Due 2024 and the 9.5% senior notes of Seabulk due 2013. Securities are acquired from time to time through open market purchases, privately negotiated transactions or otherwise, depending on market conditions.

As of September 30, 2006, the Company had no outstanding borrowings under the SEACOR Revolving Credit Facility. During the three months ended March 31, 2006, the Company terminated Seabulk's credit facility.

During the Current Nine Months, the Company made principal payments on long-term debt and capital lease obligations of \$28.0 million and received offshore vessel construction financing of \$16.5 million. Payments included \$10.5 million on debt assumed in a December 2005 acquisition and \$9.5 million on the termination of a capital lease and the payoff of an offshore vessel note assumed in the Seabulk Merger.

On November 3, 2006, the Company replaced its existing revolving credit facility that was due to expire in February 2007 with a new unsecured revolving credit facility that is due to expire in November 2013. The amount of the new revolving credit facility is initially \$300.0 million which, in the absence of a material adverse change or event of default, may be increased with Lender consent to up to \$450.0 million. The new revolving credit facility will be reduced by 10% of the maximum committed amount during its term (\$300.0 million plus any agreed upon increase) at the beginning of each of the final two years of the credit agreement. As of November 3, 2006, the Company had no outstanding borrowings under the new revolving credit facility and the remaining availability under this new facility was \$299.5 million, net of issued letters of credit of \$0.5 million. Additionally, SEACOR had outstanding issued letters of credit apart from the new revolving credit facility totaling \$42.5 million.

Short and Long-Term Liquidity Requirements

The Company anticipates it will continue to generate positive cash flows from operations and that these cash flows will be

adequate to meet the Company's working capital requirements and contribute toward defraying costs of its capital expenditures. As in the past and in further support of the Company's capital expenditure program, the Company may use cash balances, sell securities, utilize construction reserve funds, sell additional vessels or other equipment, enter into sale and leaseback transactions for equipment, borrow under its revolving credit facility, issue debt or a combination thereof.

The Company's long-term liquidity is dependent upon its ability to generate operating profits sufficient to meet its requirements for working capital, capital expenditures and a reasonable return on shareholders' investment. The Company believes that earning such operating profits will permit it to maintain its access to favorably priced debt, equity and/or off-balance sheet financing arrangements.

Contingencies

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

In June 2005, a subsidiary of SEACOR received a document subpoena from the Antitrust Division of the U.S. Department of Justice. This subpoena relates to a grand jury investigation of potential antitrust violations among providers of helicopter transportation services in the Gulf of Mexico. The Company believes that this subpoena is part of a broader industry inquiry and that the other providers also have received such subpoena. SEACOR intends to provide all information requested in response to this investigation.

Under United States law, "United States persons" are prohibited from business activities and contracts in certain countries, including Sudan and Iran. Relating to the prohibitions, Seabulk filed three reports with and submitted documents to the Office of Foreign Asset Control ("OFAC") of the U.S. Department of Treasury in December 1999 and January and May 2002. One of the reports was also filed with the Bureau of Export Administration of the U.S. Department of Commerce. The reports and documents related to certain limited charters with third parties involving three Seabulk vessels which called in Sudan for several months in 1999 and January 2000 and charters with third parties involving several of Seabulk's vessels which called in Iran in 1998. In March 2003, Seabulk received notification from OFAC that the case has been referred to its Civil Penalties Division. Should OFAC determine that these activities constituted violations of the laws or regulations, civil penalties, including fines, could be assessed against Seabulk and/or certain individuals who knowingly participated in such activity. The Company cannot predict the extent of such penalties; however, management does not believe the outcome of these matters will have a material impact on its financial position or results of operations.

Certain subsidiaries of the Company were previously participating employers in an industry-wide, multi-employer, defined benefit pension fund based in the United Kingdom: the Merchant Navy Officers Pension Fund ("MNOFP"). Under the direction of a court order, any deficit is to be remedied through future funding contributions from all participating employers. An actuarial valuation of the MNOFP determined there was a funding deficit of \$412.0 million of which \$4.4 million, representing the Company's share of this deficit, was invoiced and recognized in 2005. Deficits allocable to the Company relate to officers employed between 1978 and 2002 by SEACOR's Stirling group of companies (which had been acquired by SEACOR in 2001) and its predecessors. In March 2006, the MNOFP underwent another actuarial valuation to determine if additional contributions would be required. The Company has received notification that a draft actuarial valuation will be discussed in a meeting of participating employers in December 2006. Depending on the results of this and future actuarial valuations, it is possible that the MNOFP will issue additional invoices requiring the Company to recognize payroll related operating expenses in the period invoices are received.

New Accounting Pronouncements

On July 13, 2006 FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109* ("FIN 48"). FIN 48 applies to all tax positions related to income taxes subject to Financial Accounting Standards Board Statement No. 109, *Accounting for Income Taxes*. FIN 48 clarifies the accounting for income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. Differences between the amounts recognized in the statements of financial position prior to the adoption of FIN 48 and the amounts reported after adoption will be accounted for as a cumulative effect adjustment recorded to the beginning balance of retained earnings. FIN 48 is effective for fiscal years beginning after December 15, 2006 and will be adopted by SEACOR on January 1, 2007. The Company is reviewing the new standard and has not determined the impact, if any, the adoption of FIN 48 will have on its consolidated financial position or results of operations.

On September 15, 2006 the FASB issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("SFAS No. 157"). SFAS No. 157 provides a single definition of fair value, together with a framework for measuring it, and requires additional disclosure about the use of fair value to measure assets and liabilities. SFAS No. 157 emphasizes that fair value is a market-based measurement, not an entity-specific measurement and therefore should be determined based on the assumptions that market participants would use in pricing an asset or liability. SFAS No. 157 sets out a fair value hierarchy and requires companies to disclose fair value measurements within that hierarchy. SFAS No. 157 is effective for fiscal years beginning after November 15, 2006 and will be adopted by SEACOR on January 1, 2007. The Company is reviewing the new standard and has not determined the impact, if any, the adoption of SFAS No. 157 will have on its consolidated financial position or results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For discussion of the Company's exposure to market risk, refer to Item 7A, Quantitative and Qualitative Disclosures about Market Risk, contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2005. There has been no significant change in the Company's exposure to market risk during the nine months ended September 30, 2006 except as described below.

As of September 30, 2006, the Company held positions in short sales of marketable equity securities with a fair value of \$67.5 million. The Company's short sales of marketable equity securities primarily include positions in energy, marine, transportation, and other related businesses. A 10% increase in the value of equity securities underlying the short sale positions of the Company as of September 30, 2006 would reduce income and comprehensive income by \$4.4 million, net of tax.

As of September 30, 2006, the Company had foreign currency forward contracts in British Pounds Sterling, Euros and Singapore Dollars with notional values totaling £10.0 million, €103.0 million and S\$66.5 million, respectively. Certain of the foreign currency forward contracts denominated in Euros have been designated as fair value hedges for capital commitments with a notional value of €67.6 million. During the nine months ended September 30, 2006, the Company recognized net derivative transactions gains of \$1.5 million and reduced its capital commitment obligations by \$1.1 million as a result of these foreign currency forward contracts.

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ITEM 4. CONTROLS AND PROCEDURES

With the participation of the Company's principal executive officer and principal financial officer management evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of September 30, 2006. Based on their evaluation, the Company's principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures were effective as of September 30, 2006.

There have been no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the Current Year Quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II—OTHER INFORMATION

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors disclosed in the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2005.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(c) This table provides information with respect to purchases by the Company of shares of its Common Stock during the Current Year Quarter:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	Approximate Dollar Value of Shares that May Yet Be Purchased Under Plans or Programs ⁽¹⁾⁽²⁾
July 1 - 31, 2006	—	N/A	—	\$ 24,237,331
August 1 - 31, 2006	3,280	\$ 80.24	3,280	\$ 74,736,813
September 1 - 30, 2006	387,400	\$ 82.90	387,400	\$ 42,621,353
Total	390,680		390,680	

⁽¹⁾ Beginning in February 1997 and increased at various times through August 2006, the Board of Directors authorized the repurchase of \$425.0 million of Common Stock, debt or combination thereof. Through September 30, 2006, the Company has repurchased \$304.2 million and \$78.2 million of Common Stock and debt, respectively.

⁽²⁾ On August 3, 2006, the Company's Board of Directors increased the repurchase authority to \$75.0 million.

ITEM 5. OTHER INFORMATION

Disclosure relating to Items 1.01, 1.02 and 2.03 of Current Report on Form 8-K.

Prior to November 3, 2006, the Company was a party to a revolving credit facility dated February 5, 2002, among the Company, the Lenders identified therein, Den norske Bank ASA, as Administrative Agent and Lender, Fleet National Bank, as Syndication Agent and Lender, Nordea, as Document Agent and Lender, and The Governor and Company of the Bank of Scotland as Co-Agent and Lender. The revolving credit facility was a five year, non-reducing, unsecured revolving credit facility. Advances under the revolving credit facility were available for general corporate purposes. Interest on advances were charged at a rate per annum of LIBOR plus an applicable margin of 65 to 150 basis points based upon SEACOR's credit rating as determined by Standard and Poor's and Moody's. The revolving credit facility contained various restrictive covenants including interest coverage, secured debt to total capitalization, funded debt to total capitalization ratios, the maintenance of a minimum level of consolidated net worth, as well as other customary covenants, representations and warranties, funding conditions and events of default as defined in the credit agreement. The revolving credit facility was due to expire in February 2007. The Company terminated the revolving credit facility and replaced it with a new unsecured revolving credit facility described below, for the purpose of providing the Company with greater financing flexibility. No material early termination penalties were incurred by the Company.

On November 3, 2006, the Company replaced its existing revolving credit facility with a new unsecured revolving credit facility that is due to expire in November 2013 pursuant to an agreement among the Company, DNB Nor Bank ASA, Nordea Bank Norge ASA, Grand Cayman Branch, The Governor and Company of the Bank of Scotland and Fortis Capital Corp., as Mandated Lead Arrangers, DNB Nor Bank ASA and Nordea Bank Norge ASA, Grand Cayman Branch, as Bookrunners, DNB Nor Bank ASA, as Facility Agent, Nordea Bank Norge ASA, Grand Cayman Branch, as Syndication Agent, The Governor and Company of the Bank of Scotland, as Structuring Agent, Fortis Capital Corp., as Documentation Agent, and the Financial Institutions identified therein, as Lenders.

The amount of the new unsecured revolving credit facility is initially \$300.0 million which, in the absence of a material adverse change or event of default, may be increased with lender consent to up to \$450.0 million. The new revolving credit facility will be reduced by 10% of the maximum committed amount during its term (\$300.0 million plus any agreed upon increase) at the beginning of each of the final two years of the credit agreement. Interest on advances will be charged at a rate per annum of LIBOR plus an applicable margin of 60 basis points through the first five years and 67.5 basis points thereafter. A quarterly commitment fee is payable based on the average unfunded portion of the committed amount at the rate of 17.5 basis points through the first five years and at the rate of 22.5 basis points thereafter. The new revolving credit facility contains various restrictive covenants including interest coverage, secured debt to total capitalization, funded debt to total capitalization ratios, as well as other customary covenants, representations and warranties, funding conditions and events of default, including a cross-default as defined in the credit agreement. As of November 3, 2006, the Company had no outstanding borrowings under the new revolving credit facility and remaining availability under this facility was \$299.5 million, net of issued letters of credit of \$0.5 million.

ITEM 6. EXHIBITS

- 10.1 Agreement for a U.S. \$300,000,000 Revolving Credit Facility dated as of November 3, 2006, among the Company, DNB Nor Bank ASA, Nordea Bank Norge ASA, Grand Cayman Branch, The Governor and Company of the Bank of Scotland and Fortis Capital Corp., as Mandated Lead Arrangers, DNB Nor Bank ASA, and Nordea Bank Norge ASA, Grand Cayman Branch, as Bookrunners, DNB Nor Bank ASA, as Facility Agent, Nordea Bank Norge ASA, Grand Cayman Branch, as Syndication Agent, The Governor and Company of the Bank of Scotland, as Structuring Agent, Fortis Capital Corp., as Documentation Agent, the Financial Institutions identified therein, as Lenders.
- 31.1 Certification by the Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
- 31.2 Certification by the Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
- 32.1 Certification by the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification by the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SEACOR Holdings Inc. (Registrant)

Charles Fabrikant, *Chairman of the Board,*
President and Chief Executive Officer
(Principal Executive Officer)

DATE: November 7, 2006

By: /s/ Richard Ryan

Richard Ryan, *Senior Vice President and Chief*
Financial Officer
(Principal Financial Officer)

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EXHIBIT INDEX

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AGREEMENT FOR
A
U.S. \$300,000,000
REVOLVING CREDIT FACILITY

TO BE MADE AVAILABLE TO

SEACOR HOLDINGS INC.

BY

DNB NOR BANK ASA, NORDEA BANK NORGE ASA, GRAND CAYMAN BRANCH,
THE GOVERNOR AND COMPANY OF THE BANK OF SCOTLAND and FORTIS CAPITAL CORP.,
as Mandated Lead Arrangers

DNB NOR BANK ASA and NORDEA BANK NORGE ASA, GRAND CAYMAN BRANCH,
as Bookrunners

DNB NOR BANK ASA, as Facility Agent

NORDEA BANK NORGE ASA, GRAND CAYMAN BRANCH, as Syndication Agent

THE GOVERNOR AND COMPANY OF THE BANK OF SCOTLAND, as Structuring Agent

FORTIS CAPITAL CORP., as Documentation Agent

AND

THE FINANCIAL INSTITUTIONS
IDENTIFIED ON SCHEDULE A,
as Lenders

November 3, 2006

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- B THE VESSEL OWNING/OPERATING SUBSIDIARIES AND OTHER SUBSIDIARIES
- C EXISTING LIENS
- D EXISTING INDEBTEDNESS
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EXHIBITS

- 1 NOTE
- 2 FORM OF DRAWDOWN NOTICE
- 3 FORM OF LETTER OF CREDIT REQUEST
- 4 FORM OF COMPLIANCE CERTIFICATE
- 5 FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

REVOLVING CREDIT FACILITY AGREEMENT

THIS REVOLVING CREDIT FACILITY AGREEMENT is made this 3rd day of November, 2006, and is by and among (1) SEACOR HOLDINGS INC., a corporation incorporated under the laws of the State of Delaware (hereinafter called the “Borrower”), (2) DNB NOR BANK ASA, a bank incorporated under the laws of the Kingdom of Norway (“DnB NOR”), NORDEA BANK NORGE ASA, GRAND CAYMAN BRANCH, incorporated under the laws of Finland (“Nordea”), THE GOVERNOR AND COMPANY OF THE BANK OF SCOTLAND, a bank incorporated under the laws of Scotland (“Bank of Scotland”) and FORTIS CAPITAL CORP., a corporation organized under the laws of the State of Connecticut (“Fortis”), as mandated lead arrangers (collectively, the “Mandated Lead Arrangers”), (3) DnB NOR and Nordea, as bookrunners (together, the “Bookrunners”), (4) DnB NOR, as facility agent (the “Facility Agent”), (5) Nordea, as syndication agent (the “Syndication Agent”), (6) Bank of Scotland, as structuring agent (the “Structuring Agent”), (7) Fortis, as documentation agent (the “Documentation Agent” and together with the Arrangers, the Bookrunners, the Facility Agent, the Syndication Agent and the Structuring Agent shall hereinafter be collectively referred to as the “Agents”, each an “Agent”), and (8) the banks and financial institutions whose names and addresses are set out in Schedule A hereto (together with any assignee pursuant to Section 11, collectively, the “Lenders”, each a “Lender”).

WITNESSETH THAT:

Whereas, at the request of the Borrower, each of the Agents has agreed to act in its respective capacity as set forth herein and the Lenders have agreed to provide to the Borrower a revolving credit facility in the amount of Three Hundred Million Dollars (\$300,000,000), as such facility amount may be increased as provided herein, on the terms and subject to the conditions set forth herein;

NOW, THEREFORE, in consideration of the premises, the covenants and agreements hereinafter set forth, and other good and valuable consideration, the receipt and adequacy whereof are hereby acknowledged, the parties hereto agree as set forth below:

SECTION 1. DEFINITIONS

1.1. Defined Terms. In this Agreement the words and expressions specified below shall, except where the context otherwise requires, have the meanings attributed to them below:

“Acceptable Accounting Firm” means Ernst & Young, LLP or any other firm of independent certified public or chartered accountants of international reputation selected by the Borrower and acceptable to the Facility Agent;

“Acquisition Subsidiary” shall mean a direct or indirect Subsidiary of the Borrower formed for the purpose of acquiring New Subsidiaries which Subsidiary shall not be an existing Vessel Owning/Operating Subsidiary at the time of the acquisition of the relevant New Subsidiaries and into which only those assets necessary to consummate the relevant acquisition shall be transferred;

“Administrative Questionnaire” shall mean, with respect to each Lender, an administrative questionnaire, submitted to the Facility Agent (with a copy to the Borrower) duly completed by such Lender;

“ <u>Advance</u> ”	means any Dollar Advance or Foreign Currency Advance;
“ <u>Affiliate</u> ”	shall mean, with respect to any Person, (i) any Person that directly, or indirectly through one or more intermediaries, controls such Person (a “ <u>Controlling Person</u> ”) or (ii) any Person (other than such Person or a Subsidiary of such Person) which is controlled by or is under common control with a controlling Person. For purposes of this definition, the term “control” (including the terms “controlling”, “controlled by” and “under common control with”) of a Person shall mean the power, direct or indirect, (i) to vote 10% or more of the securities or other interests having ordinary voting power for the election of directors of such Person or of Persons serving a similar function, or (ii) to direct or cause the direction of the management and policies of such Person, whether by contract or otherwise;
“ <u>Agent</u> ”	shall have the meaning ascribed thereto in the preamble;
“ <u>Agreement</u> ”	means this revolving credit facility agreement as the same may be amended, restated, modified or supplemented from time to time;
“ <u>Applicable Margin</u> ”	shall mean (a) from the date of this Agreement until and including the day prior to the fifth anniversary of the date of this Agreement, 60.0 bps, and (b) from the fifth anniversary of the date of this Agreement and thereafter, 67.5 bps;
“ <u>Applicable Rate</u> ”	means any rate of interest on any Advance from time to time applicable pursuant to Section 6.1;
“ <u>Assignment and Assumption Agreement(s)</u> ”	shall mean the Assignment and Assumption Agreement(s) executed pursuant to Section 11 substantially in the form of Exhibit 5;
“ <u>Banking Day(s)</u> ”	means day(s) on which banks are open for the transaction of business of the nature required by this Agreement in the place or places from time to time specified;
“ <u>Base Rate</u> ”	means the higher of (i) the Letter of Credit Issuer’s Prime Rate and (ii) one-half percent (1/2%) above the Federal Funds Effective Rate;
“ <u>Basis Point(s)</u> ” or the symbol “ <u>bp(s)</u> ”	means one one-hundredth of one percent (0.01%);

“ <u>Benefitted Lender</u> ”	shall have the meaning ascribed thereto in Section 18.6;
“ <u>BNDES Debt</u> ”	means those certain loans made by the Banco Nacional de Desenvolvimento Economico e Social, a Brazilian federal company, in connection with the construction and acquisition of three offshore supply vessels and secured by letters of credit;
“ <u>Bookrunners</u> ”	shall have the meaning ascribed thereto in the preamble;
“ <u>Cash and Cash Equivalents</u> ”	means (i) cash, (ii) securities issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof (<u>provided that the full faith and credit of the United States of America is pledged in support thereof</u>), (iii) time deposits, certificates of deposit or deposits in the interbank market of any commercial bank of recognized standing organized under the laws of the United States of America, any state thereof or any foreign jurisdiction and rated at least A or the equivalent thereof by S&P, (iv) securities of any type which are, at the time of the determination being made hereunder, fully listed and registered on (a) an exchange registered with the Securities and Exchange Commission as a national securities exchange or (b) an equivalent recognized national securities exchanges in any of the member countries of the European Union, Mexico, Japan, Norway or Singapore or such other national securities exchange approved by the Majority Lenders, and (v) bonds of any county, municipality or state of the United States or any corporation organized and existing under the laws of the United States or any state thereof (including the District of Columbia) having an investment grade rating (or equivalent) by one of the nationally recognized rating organizations that regularly engages in rating such bonds and (vi) shall include funds and securities on deposit in any Construction Reserve Fund of any Subsidiary but (vii) shall exclude Cash and Cash Equivalents classified as “Restricted Cash” on the Borrower’s balance sheet and funds and securities on deposit in any Title XI Reserve Fund relating to Title XI Debt;

“Change of Control”

means (a) any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than fifty percent (50%) of the total voting power of the

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Borrower or (b) the Board of Directors of the Borrower ceases to consist of a majority of the existing directors or directors elected by the existing directors;

“Code”

means the Internal Revenue Code of 1986, as amended, and any successor statute and the regulations promulgated thereunder;

“Commitment”

shall mean in relation to a Lender, the amount of the Credit Facility set out opposite its name in Schedule A hereto or, as the case may be, in any relevant Assignment and Assumption Agreement, as the same may be reduced from time to time as provided by Section 5.3;

“Commitment Fee Rates”

shall mean (a) from the date of this Agreement until and including the day prior to the fifth anniversary of this Agreement, 17.5 bps, and (b) from the fifth anniversary of this Agreement until and including the Termination Date, 22.5 bps;

“Commitment Increase”

means an increase in the Committed Amount over the Initial Commitment of up to One Hundred Fifty Million Dollars (\$150,000,000), or such lesser amount as may be agreed, such increase to be a multiple of \$25,000,000, as provided in Section 3.1;

“Committed Amount”

means the aggregate of the Initial Commitment and the Commitment Increase, being the maximum aggregate principal amount in Dollars of the Advances and Letters of Credit which may be outstanding at any time under the Credit Facility; provided that the Committed Amount in respect of Letters of Credit shall not exceed Two Hundred Million Dollars (\$200,000,000);

“Compliance Certificate”

means a certificate of the chief financial officer of the Borrower substantially in the form of Exhibit 4;

“Consolidated Net Worth”

for any period, shall mean, for any company, the sum of such company’s common and preferred stock (excluding any capital stock subject to mandatory redemption) and additional paid-in-capital, plus retained earnings (minus accumulated deficit) and currency translation adjustments, all as shown on the consolidated balance sheet of such company and its subsidiaries as determined in accordance with GAAP;

“Consolidated Subsidiary”

shall mean a Subsidiary the financial results of which are reflected in the Borrower’s consolidated financial statements;

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“Construction Reserve Fund”

means each joint account with the United States Maritime Administration established pursuant to the provisions of Section 511 of the Merchant Marine Act, 1936, as amended (46 App. U.S.C. 1161);

“Consolidated Subsidiary Guaranty”

shall mean a guaranty issued by a Consolidated Subsidiary of obligations of the types listed in sub-clauses (i) through (iii) of the definition of Subsidiary Funded Debt of other Consolidated Subsidiaries but excluding, in the case of a Consolidated Subsidiary which is not a Wholly-Owned Subsidiary, that proportion of the amount of such guaranty which represents the minority interest holders’ share of such Guaranty;

“Conversion Date”

shall have the meaning ascribed thereto in Section 13.1;

“Credit Facility”

means the sums advanced or to be advanced by the Lenders to the Borrower and the Letters of Credit to be issued by the Letter of Credit Issuers for the account of the Borrower in the initial maximum principal amount of Three Hundred Million Dollars (\$300,000,000) as may be increased by the Commitment Increase all pursuant to, and

subject to the terms of, this Agreement;

“ <u>Credit Facility Balance</u> ”	means the sum of (i) the amount of the Dollar Advances, (ii) the amount of the then Dollar Equivalent of the Foreign Currency Advances, and (iii) the amount of the Letter of Credit Outstandings at any relevant time, all as reduced by payments and increased by Advances and Letters of Credit pursuant to the terms of this Agreement;
“ <u>Credit Period</u> ”	means the period from the Drawdown Date of the initial Advance made hereunder to the date upon which the Advances and all other amounts due to the Agents and the Lenders pursuant to this Agreement and the Notes are repaid or prepaid in full and all commitments to extend credit under this Agreement have been terminated;
“ <u>Creditors</u> ”	shall mean, together, the Agents and the Lenders, each, a “Creditor”;
“ <u>CRN Group</u> ”	means CRN Holdings, Inc., a corporation organized under the laws of the State of Delaware, and any of its direct and indirect subsidiaries now or hereafter acquired;
“ <u>Default Rate</u> ”	shall have the meaning ascribed thereto in Section 6.1;
“ <u>Documentation Agent</u> ”	shall have the meaning ascribed thereto in the preamble;

“ <u>Dollars</u> ” and the sign “\$”	means the legal currency, at any relevant time hereunder, of the United States of America and, in relation to all payments hereunder, in same day funds settled through the New York Clearing House Interbank Payments System (or such other Dollar funds as may be determined by the Facility Agent to be customary for the settlement in New York City of banking transactions of the type herein involved);
“ <u>Dollar Advance(s)</u> ”	means any amount advanced in Dollars to the Borrower on any Drawdown Date, collectively such amounts advanced hereunder, the “Dollar Advances”;
“ <u>Dollar Equivalent</u> ”	means any amount of a foreign currency converted to Dollars at the Exchange Rate;
“ <u>Drawdown Dates</u> ”	means the dates, each being a Banking Day falling prior to the Termination Date, upon which the Borrower has requested that an Advance be made available to the Borrower or an Advance is deemed to have been made due to a drawing under any Letter of Credit;
“ <u>Drawdown Notice</u> ”	shall have the meaning ascribed thereto in Section 3.3;
“ <u>EBITDA</u> ”	means on a consolidated basis, the aggregate, to be measured on a trailing twelve (12) month basis, of (i) operating income (before deductions for interest, taxes, depreciation and amortization), (ii) interest income and (iii) “Equity in Net Earnings of Fifty Percent (50%) or Less Owned Companies” (as such term is used in the Borrower’s published financial reports), and (iv) “Gains on Asset Sales — Net” (as such term is used in the Borrower’s published financial reports);
“ <u>Environmental Affiliate</u> ”	means any person or entity the liability of which for Environmental Claims the Borrower may have assumed by contract or operation of law;
“ <u>Environmental Approvals</u> ”	shall have the meaning ascribed thereto in Section 2.1(m);
“ <u>Environmental Claim</u> ”	shall have the meaning ascribed thereto in Section 2.1(m);
“ <u>Environmental Laws</u> ”	shall have the meaning ascribed thereto in Section 2.1(m);
“ <u>ERISA</u> ”	means the Employment Retirement Income Security Act of 1974, as amended;
“ <u>ERISA Affiliate</u> ”	means a trade or business (whether or not incorporated) which is under common control with the Borrower within

	the meaning of Sections 414(b),(c),(m) or (o) of the Code;
“ <u>Euros</u> ” and the symbol “€”	means the legal currency, at any relevant time hereunder, of the member countries of the European Union who have adopted the Euro as legal tender;
“ <u>Events of Default</u> ”	means any of the events set out in Section 9.1;
“ <u>Exchange Act</u> ”	shall mean the Securities and Exchange Act of 1934, as amended;
“ <u>Exchange Rate</u> ”	means the exchange rate offered by the Facility Agent or Letter of Credit Issuer, as the case may be, of Dollars for a particular foreign currency or <i>vice versa</i> in accordance with its normal practices on the relevant date, in either case, including any costs associated with the relevant exchange contract or, if it does not then offer such exchange rates in respect of such foreign currency, such exchange rate in respect of such currency as the Facility Agent or the Letter of Credit Issuer, as the case may be, deems reasonable;
“ <u>Existing Credit Facility</u> ”	the credit facility provided under that certain credit agreement, dated February 5, 2002 as amended by Amendment No. 1, Amendment No. 2, Amendment No. 3 and Amendment No. 4 thereto dated March 15, 2004, May 17, 2004, December 21, 2005 and July 31, 2006, respectively, among, inter alia, the Borrower, the financial institutions named therein as Lenders, and DnB NOR Bank ASA as administrative agent;
“ <u>Existing Letters of Credit</u> ”	shall have the meaning ascribed thereto in Section 3.7;
“ <u>Extended Letters of Credit</u> ”	shall have the meaning ascribed thereto in Section 3.7;
“ <u>Facility Agent</u> ”	shall have the meaning ascribed thereto in the preamble;
“ <u>Facing Fee</u> ”	shall have the meaning ascribed thereto in Section 14.2;
“ <u>Federal Funds Effective Rate</u> ”	means, for any period, a fluctuating interest rate equal for each day during such period to the weighted average of the rates on overnight Federal Funds transactions with members of the Federal Reserve System arranged by Federal Funds brokers, as published for such day (or, if such day is not a Banking Day, for the next preceding Banking Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Banking Day, the average of the quotations for such day on such transactions received by the Facility Agent from three (3) Federal Funds brokers of recognized standing

	selected by the Facility Agent;
“ <u>Foreign Currency</u> ”	means any of Pounds Sterling, Euros, Singapore Dollars or any other currency which shall be freely convertible into U.S. Dollars;
“ <u>Foreign Currency Advance</u> ”	means any amount denominated in a Foreign Currency advanced to the Borrower on any Drawdown Date;
“ <u>Funded Debt</u> ”	shall mean, on a consolidated basis, (A) the sum of (i) indebtedness for borrowed money, all obligations evidenced by bonds, debentures, notes or similar instruments, and purchase money obligations which, in accordance with GAAP, would be shown on the consolidated balance sheet as a liability, (ii) all obligations arising under letters of credit, (iii) all obligations as lessee under leases which have been, in accordance with GAAP, recorded as capitalized lease obligations, (iv) guaranties of non-consolidated entity obligations but excluding (x) Title XI Debt, (y) BNDES Debt and (z) indebtedness which is consolidated in the Borrower’s published financial statements in accordance with GAAP but which represents a minority interest holders’ share of such indebtedness unless such minority holders’ share has been guaranteed by the Borrower or a Subsidiary less (B) the excess of Cash and Cash Equivalents over Twenty Five Million Dollars (\$25,000,000) (other than for purposes of Section 9.1(h)(c));
“ <u>GAAP</u> ”	shall have the meaning ascribed thereto in Section 1.3;
“ <u>Helicopter(s)</u> ”	means any helicopter(s) owned by a Subsidiary of the Borrower used in the offshore

supply business of the Borrower and its Subsidiaries;

<u>“Indebtedness”</u>	of any Person shall mean and include all obligations of such Person which in accordance with GAAP shall be classified upon a balance sheet of such Person as liabilities of such Person;
<u>“Indemnitee”</u>	shall have the meaning ascribed thereto in Section 14.5;
<u>“Initial Commitment”</u>	means Three Hundred Million Dollars (\$300,000,000), as reduced from time to time pursuant to Section 5.3;
<u>“Interest Coverage Ratio”</u>	means, on a consolidated basis, (a) EBITDA divided by (b) interest payments (including interest attributable to capitalized leases) made during the four (4) fiscal quarters preceding the date on which such ratio is determined;

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<u>“Interest Notice”</u>	means a notice to the Facility Agent specifying the duration of the relevant Interest Period;
<u>“Interest Period(s)”</u>	means period(s) of one (1), two (2), three (3), six (6), nine (9) or twelve (12) months selected by the Borrower or such longer period(s) as the Lenders may agree;
<u>“Investment”</u>	means (i) lending money or credit or making advances to any Person, (ii) purchasing or acquiring any stock, obligations or securities of, or any other interest in, or making capital contributions to any Person or (iii) guaranteeing the debt or obligations of any other Person;
<u>“Issuing Subsidiary”</u>	shall mean, the Subsidiary which is the primary obligor on Subsidiary Funded Debt; provided that in the case of Subsidiary Funded Debt where (i) one or more other Subsidiaries are jointly or jointly and severally liable in respect thereof (other than by way of guaranty) or (ii) no Subsidiary is the primary obligor in respect of a Subsidiary Funded Debt but two or more Subsidiaries have issued Non-Consolidated Entity Guaranties in respect of the same obligation, the Subsidiary liable in respect thereof with the highest book value shall be deemed to be such primary obligor;
<u>“Joint Venture”</u>	shall mean at any date any Person (other than a Subsidiary) in which the Borrower or any Subsidiary has an ownership interest or other interests in profits or loss which would be accounted for in the consolidated financial statements of the Borrower and its consolidated Subsidiaries by the equity method if such statements were prepared as of such date;
<u>“Judgment Currency”</u>	shall have the meaning ascribed thereto in Section 13.1;
<u>“L/C Supportable Obligation(s)”</u>	means such obligations of the Borrower as are not inconsistent with the issuance policies of the applicable Letter of Credit Issuer; no Letter of Credit may be payable (1) to any entity or person who is subject to sanctions issued by the United States Department of Commerce or to whom payment is prohibited by the Foreign Asset Control Regulations of the Department of the Treasury or (2) which otherwise is in contravention of applicable laws and regulations;
<u>“Lender(s)”</u>	shall have the meaning ascribed thereto in the preamble;
<u>“Letter(s) of Credit”</u>	shall have the meaning ascribed thereto in Section 3.7;

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<u>“Letter of Credit Fee”</u>	shall have the meaning ascribed thereto in Section 14.2;
<u>“Letter of Credit Issuer”</u>	means, with respect to each Letter of Credit, the Lender (being one of the Agents) which, at the request of the Borrower, issues the same;
<u>“Letter of Credit Outstandings”</u>	means, at any time, the aggregate Stated Amount of all outstanding Letters of Credit, less any drawings previously made thereunder;
<u>“Letter of Credit Participant”</u>	shall have the meaning ascribed thereto in Section 3.10;
<u>“Letter of Credit Participant Percentage”</u>	means, in relation to a Lender, the percentage of the Credit Facility set out opposite its

name in Schedule A hereto; provided, however, that in the case of Extended Letters of Credit, the percentage shall be adjusted to include only the Commitments of the Lenders participating in the Extended Letters of Credit;

“Letter of Credit Request”

shall have the meaning ascribed thereto in Section 3.8;

“LIBOR”

means the rate of interest for deposits, in Dollars or the relevant Foreign Currency, as the case may be, of an amount equivalent to the relevant Advance (or portion thereof), for periods equivalent to the applicable Interest Period, which appear at or about 11:00 A.M. (London Time) on the day falling two (2) LIBOR Reference Days prior to the first day of the relevant Interest Period as displayed on page LIBOR01 of the Reuters screen, in the case of Dollars, Pounds Sterling, or Euros, or page SGDF= of the Reuters screen, in the case of Singapore Dollars (or such other page as may replace such page), as the case may be, on such system or on any other system of the information vendor for the time being designated by the British Bankers’ Association to calculate the BBA Interest Settlement Rate (as defined in the British Bankers’ Association’s Recommended Terms and Conditions (“BBAIRS” terms) dated August 1985)), provided, however, that, if on any date of determination of the Applicable Rate, no rate is so displayed for amounts equivalent to the relevant Advance (or portion thereof) and for periods equivalent to the applicable Interest Period, LIBOR shall be equal to the arithmetic mean (rounded upward if necessary to four decimal places) of the rates respectively quoted to the Facility Agent by each of the Reference Banks as the offered rate for deposits of Dollars or the relevant Foreign Currency, as the case may be, in an amount approximately equal to the amount in relation to which LIBOR is to be determined for a period

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equivalent to such period to prime banks in the London Interbank Market at or about 11:00 a.m. (London time) on the second LIBOR Reference Day before the first day of such period;

“LIBOR Reference Day(s)”

a day or days on which banks in the London interbank market generally will provide quotations for deposits in the relevant currencies;

“Lien”

shall mean any interest in property securing an obligation owed to, or a claim by, a Person other than the owner of the property, whether such interest is based on the common law, statute or contract, and including but not limited to the security interest lien arising from a mortgage, encumbrance, pledge, conditional sale, title retention agreement or trust receipt or a lease, consignment or bailment for security purposes or any arrangement having substantially the same legal effect as the foregoing;

“List of Liens”

shall mean a list of Liens in respect of Secured Debt on Vessels and Helicopters;

“Majority Lenders”

shall mean Lenders whose aggregate Commitments exceed fifty percent (50%) of the total Commitments;

“Mandated Lead Arrangers”

shall have the meaning ascribed thereto in the preamble;

“Mandatory Reduction Amount”

shall mean an amount equal to ten percent (10%) of the Committed Amount (before any mandatory or voluntary reduction hereunder);

“Mandatory Reduction Date(s)”

means each of the anniversary dates of the date of this Agreement that the Committed Amount is reduced in accordance with Section 5.3(a) hereof;

“Material Adverse Change”

shall mean the occurrence of an event or condition which (a) materially impairs the ability of (1) the Borrower to meet any of its obligations with regard to the Credit Facility and the financing arrangements established in connection therewith or (2) the Borrower and the Subsidiaries to meet any of their respective other obligations that are material to the Borrower and the Subsidiaries considered as a whole or (b) has a material adverse effect on the business, assets, operations, property or financial condition of the Borrower and the Subsidiaries considered as a whole;

“Materials of Environmental Concern”

shall have the meaning ascribed thereto in Section 2.1(m);

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“ <u>New Subsidiaries</u> ”	shall mean a group of corporations or other entities of which the Borrower or a Subsidiary acquires legally or beneficially greater than fifty percent (50%) of the issued and outstanding stock or other interest in each corporation or entity in the group and has more than fifty percent (50%) of the total voting power of the voting stock or other interest in such corporations or entities;
“ <u>Non-Consolidated Entity</u> ”	shall mean an entity which is not a Consolidated Subsidiary;
“ <u>Non-Consolidated Entity Guaranty</u> ”	shall mean a guaranty issued by a Consolidated Subsidiary of obligations of Non-Consolidated Entities of the types listed in sub-clauses (i) through (iii) of the definition of Subsidiary Funded Debt but excluding, in the case of a Consolidated Subsidiary which is not a Wholly-Owned Subsidiary, that proportion of the amount of such Guaranty which represents the minority interest holders’ share of such Guaranty;
“ <u>Note</u> ”	means a promissory note to be executed by the Borrower in favor of a Lender to evidence the Advances of the Credit Facility made by such Lender substantially in the form of Exhibit 1 or in such other form as the Facility Agent may agree;
“ <u>Operating Accounts</u> ”	shall have the meaning ascribed thereto in Section 8.1;
“ <u>Other Subsidiaries</u> ”	shall mean, as it relates to any Subsidiary Funded Debt, those Subsidiaries liable in respect thereof other than the Issuing Subsidiary;
“ <u>Permitted Liens</u> ”	means any of the liens permitted under Section 10.1(b)(i);
“ <u>Person</u> ”	shall mean an individual, partnership, corporation, limited liability company, business trust, bank, trust company, joint venture, association, joint stock company, trust or other unincorporated organization, whether or not a legal entity, or any government or agency or political subdivision thereof;
“ <u>Plan</u> ”	means any employee benefit plan covered by Title IV of ERISA maintained or contributed by the Borrower or any Subsidiary or any ERISA Affiliate;
“ <u>Pounds Sterling</u> ” and the sign “£”	means the legal currency, at any relevant time hereunder, of the United Kingdom;

“ <u>Prime Rate</u> ”	means the rate which the relevant Letter of Credit Issuer announces from time to time as its prime lending rate, the Prime Rate to change when and as such prime lending rate changes;
“ <u>Rate of Exchange</u> ”	shall have the meaning ascribed thereto in Section 13.4;
“ <u>Reference Banks</u> ”	means the banks chosen from time to time by the British Bankers’ Association for the purpose of establishing Interest Settlement Rates;
“ <u>Regulation T</u> ”	shall mean Regulation T of the Board of Governors of the Federal Reserve System, as in effect from time to time;
“ <u>Regulation U</u> ”	shall mean Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time;
“ <u>Regulation X</u> ”	shall mean Regulation X of the Board of Governors of the Federal Reserve System, as in effect from time to time;
“ <u>Replacement Lender(s)</u> ”	shall have the meaning ascribed thereto in Section 12.3;
“ <u>Seabulk Notes</u> ”	means the 9-1/2% Senior Notes due 2013 issued by Seabulk International, Inc., a corporation incorporated under the law of the State of Delaware and a subsidiary of the Borrower;
“ <u>Secured Debt</u> ”	means, for the Borrower, on a consolidated basis, the aggregate of any Indebtedness secured or collateralized by a Lien other than Title XI Debt;
“ <u>Singapore Dollars and the symbol “SGD”</u> ”	means the legal currency, at any relevant time hereunder, of Singapore;
“ <u>Stated Amount</u> ”	means with respect to each Letter of Credit, the maximum amount available to be drawn thereunder (regardless of whether any conditions for drawing could then be met);
“ <u>Structuring Agent</u> ”	shall have the meaning ascribed thereto in the preamble;
“ <u>Subsidiaries</u> ”	means the corporations or other entities listed on Schedule B (including, without limitation, the Vessel Owning/Operating Subsidiaries) of which the Borrower owns legally or beneficially greater than fifty percent (50%) of the issued and outstanding stock or other interest in such entity and has more than fifty percent (50%) of the total voting power of the voting stock or other interest in such corporation or other entity, together with any other corporations or other entities now or hereafter in existence of which the Borrower owns legally

or beneficially greater than fifty percent (50%) of the issued and outstanding stock or other interest in such entity and has more than fifty percent (50%) of the total voting power of the voting stock or other interest in such corporation or other entity, and each, a "Subsidiary";

"Subsidiary Funded Debt"

shall mean, as to each Subsidiary, the sum of (i) indebtedness for borrowed money, all obligations evidenced by bonds, debentures, notes or similar instruments, and purchase money obligations which, in accordance with GAAP, would be shown on the balance sheet of such Subsidiary as a liability if a balance sheet were actually prepared in accordance with GAAP for such Subsidiary, (ii) all obligations arising under letters of credit in respect of which such Subsidiary is liable, (iii) all obligations as lessee under leases which have been, in accordance with GAAP, recorded as capitalized lease obligations on the consolidated balance sheet of the Borrower and would so appear on such Subsidiary's balance sheet if a balance sheet were prepared in accordance with GAAP for such Subsidiary, (iv) Consolidated Subsidiary Guaranties and Non-Consolidated Entity Guaranties, in each case, up to the maximum amount guaranteed under the terms of any such guaranty but excluding (v) Title XI Debt, (vi) BNDES Debt, (vii) the Seabulk Notes and (viii) indebtedness which is consolidated in the Borrower's published financial statements in accordance with GAAP and would so appear on such Subsidiary's balance sheet if a balance sheet were prepared in accordance with GAAP for such Subsidiary but which represents a minority interest holders' share of such indebtedness unless such minority holders' share has been guaranteed by such Subsidiary;

"Syndication Agent"

shall have the meaning ascribed thereto in the preamble;

"Taxes"

means any present or future income or other taxes, levies, duties, charges, fees, deductions or withholdings of any nature now or hereafter imposed, levied, collected, withheld or assessed by any taxing authority whatsoever, except for taxes on or measured by the overall net income of the Lenders imposed by their respective jurisdiction of incorporation or domicile of the lending office making the Advances or issuing any Letter of Credit or any governmental subdivision or taxing authority of any thereof or by any other taxing authority having jurisdiction over any Agent or Lender (unless such jurisdiction is asserted solely by reason of the activities of the Borrower or any Subsidiary);

"Termination Date"

means the day falling seven (7) years after the date hereof or, if such day is not a Banking Day, the next following Banking Day, unless such next following Banking Day falls in the following month, in which case the Termination Date shall be the immediately preceding Banking Day;

"Title XI Debt"

means any United States Government Guaranteed Ship Financing Obligations issued pursuant to Title XI of the Merchant Marine Act, 1936, as amended (46 App. U.S.C. 1273) by any Subsidiary that is non-recourse to the Borrower;

"Total Capitalization"

for any company, means, on a consolidated basis, the aggregate of Funded Debt and Consolidated Net Worth;

"Transferee"

shall have the meaning ascribed thereto in Section 7.2;

"Underlying Subsidiary Funded Debt"

shall mean the outstanding principal amount of Subsidiary Funded Debt issued or incurred by an Issuing Subsidiary;

"Vessel Owning/Operating Subsidiaries"

those Subsidiaries designated as Vessel Owning/Operating Subsidiaries on Schedule B, together with any future subsidiaries now or hereafter acquired which either own or operate Vessels or Helicopters, provided, however, that the CRN Group shall not be deemed to be Vessel Owning/Operating Subsidiary;

"Vessels"

means any vessels now or hereafter more than fifty percent (50%) owned, directly or indirectly, by a Vessel Owning/Operating Subsidiary; and

"Wholly Owned Subsidiaries"

means the Subsidiaries of which the Borrower owns legally or beneficially one hundred

percent (100%) of the issued and outstanding stock or other interest in such entity and has one hundred percent (100%) of the total voting power of the voting stock or other interest in such corporation or other entity.

1.2. Computation of Time Periods; Other Definitional Provisions. In this Agreement and the Notes, in the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”; words importing either gender include the other gender; references to “writing” include printing, typing, lithography and other means of reproducing words in a tangible visible form; the words “including,” “includes” and “include” shall be deemed to be followed by the words “without limitation”; references to articles, sections (or subdivisions of sections), exhibits, annexes or schedules are to this Agreement or the Notes, as applicable; references to agreements and other contractual instruments (including this Agreement and the Notes) shall be deemed to

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include all subsequent amendments, amendments and restatements, supplements, extensions, replacements and other modifications to such instruments (without, however, limiting any prohibition on any such amendments, extensions and other modifications by the terms of this Agreement or the Notes); references to any matter that is “approved” or requires “approval” of a party shall mean approval given in the sole and absolute discretion of such party unless otherwise specified; words importing the plural include the singular and vice-versa.

1.3. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles as in effect from time to time in the United States of America consistently applied (“GAAP”) and all financial statements submitted pursuant to this Agreement shall be prepared in accordance with, and all financial data submitted pursuant hereto shall be derived from financial statements prepared in accordance with, GAAP.

1.4. Certain Matters Regarding Materiality. To the extent that any representation, warranty, covenant or other undertaking of the Borrower in this Agreement is qualified by reference to those which are not reasonably expected to result in a “Material Adverse Change” or language of similar implication, no inference shall be drawn therefrom that any Agent or Lender has knowledge or approves of any noncompliance by the Borrower with any governmental rule.

1.5. Forms of Documents. Except as otherwise expressly provided in this Agreement, references to documents or certificates “substantially in the form” of Exhibits to another document shall mean that such documents or certificates are duly completed in the form of the related Exhibits with substantive changes subject to the provisions of Section 18.5 of this Agreement.

1.6. Headings. In this Agreement, section headings are inserted for convenience of reference only and shall not be taken into account in the interpretation hereof.

SECTION 2. REPRESENTATIONS AND WARRANTIES

2.1. Representations and Warranties. In order to induce the Agents and the Lenders to enter into this Agreement and to make the Advances and to issue and/or participate in Letters of Credit as provided for herein, the Borrower hereby represents and warrants to the Agents and the Lenders (which representations and warranties shall survive the execution and delivery of this Agreement and the Notes and the making of the Advances and the issuance of Letters of Credit) that:

(a) Due Organization and Power. The Borrower and each of the Subsidiaries are duly formed and are validly existing in good standing under the laws of their respective jurisdictions of incorporation, have duly qualified and are authorized to do business as a foreign corporation in each jurisdiction wherein the nature of the business transacted thereby makes such qualification necessary, have full power to carry on their respective businesses as now being conducted and, in the case of the Borrower, to enter into and perform the Borrower’s obligations under each of this Agreement and the Notes and have complied with all statutory, regulatory and other requirements relative to such businesses and such agreements the noncompliance with which could reasonably be expected to give rise to a Material Adverse Change;

(b) Authorization and Consents. All necessary corporate action has been taken to authorize, and all necessary consents and authorizations have been obtained and remain

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in full force and effect to permit, the Borrower to enter into and perform its obligations under each of this Agreement and the Notes and to permit the Borrower to borrow, service and repay the Advances and no further consents or authorizations are necessary for the service and repayment of the Advances or any part of any thereof;

(c) Binding Obligations. Each of this Agreement and the Notes constitutes legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with its terms, except to the extent that such enforcement may be limited by equitable principles or applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting generally the enforcement of creditors’ rights;

(d) No Violation. The execution and delivery of, and the performance of the provisions of, this Agreement and the

Notes do not, and will not during the Credit Period, contravene any existing applicable law or regulation or any contractual restriction binding on the Borrower or its certificate of incorporation or by-laws;

(e) Litigation. Except as otherwise disclosed in the 2005 annual report of the Borrower or the 10Q report of the Borrower for the period ending June 30, 2006, no action, suit or proceeding is pending or overtly threatened against the Borrower or any of the Subsidiaries before any court, board of arbitration or administrative agency which could result in any Material Adverse Change;

(f) No Default. Except as otherwise disclosed in writing to the Facility Agent on or prior to the date hereof, neither the Borrower nor any of the Subsidiaries are in default under any agreement by which any thereof is bound, nor are any thereof in default in respect of any financial commitment or obligation, where such default could result in any Material Adverse Change;

(g) Vessel/Helicopter Ownership, Classification, and Insurance.

(i) Each of the Vessels and each of the Helicopters is owned free and clear of all liens of record and duly registered in the name of its owner;

(ii) Each of the Vessels is classed in the highest classification and rating for vessels of the same age and type with the American Bureau of Shipping, Lloyd's Register of Shipping, Det Norske Veritas, Bureau Veritas, Germanischer Lloyd or other classification society acceptable to the Facility Agent without any material outstanding recommendations and each of the Helicopters, when not grounded or out of service is maintained in accordance with prudent industry practices and as otherwise required by the applicable governmental authorities; and

(iii) Each of the Vessels and each of the Helicopters is insured in accordance with standard industry practice, including, without limitation, coverage for hull and machinery, all risk ground and flight aircraft hull insurance (except to the extent any such Helicopters are no longer operating), war risk, public liability and/or protection & indemnity (evidence of which shall include, without limitation, cover notes, certificates of entry or such other evidence as shall be reasonably satisfactory to the Facility Agent);

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(h) Citizenship. Each of the Vessel Owning/Operating Subsidiaries which owns a Vessel registered under the laws and flag of the United States of America is eligible to document a United States flag vessel within the meaning of 46 App. U.S.C. §12102(a) and, if any such Vessel is operating in the coastwise trade, within the meaning of Section 2 of the United States Shipping Act, 1916, as amended (46 App. U.S.C. § 802), the Vessel Owning/Operating Subsidiary owning or operating same is qualified to own and operate vessels in the coastwise trade;

(i) Financial Statements. Except as otherwise disclosed in writing to the Lenders on or prior to the date hereof, all financial statements, information and other data furnished by the Borrower to the Lenders are complete and correct, and such financial statements have been prepared in accordance with GAAP and accurately and fairly present the financial condition of the parties covered thereby as of the respective dates thereof and the results of the operations thereof for the period or respective periods covered by such financial statements. Since such date or dates there has been no Material Adverse Change and neither the Borrower nor any of the Subsidiaries have any contingent obligations, liabilities for taxes or other outstanding financial obligations which on a consolidated basis are material in the aggregate, except as disclosed in such statements, information and data;

(j) Tax Returns and Payments. The Borrower and each of the Subsidiaries have filed all tax returns required to be filed thereby and have paid all taxes payable thereby which have become due, other than those not yet delinquent or the non-payment of which would not give rise to a Material Adverse Change and except for those taxes being contested in good faith and by appropriate proceedings or other acts and for which adequate reserves have been set aside on the books thereof;

(k) Insurance. Each of the Borrower and the Subsidiaries have insured their respective properties, assets and businesses against such risks and in such amounts as are required by law and as are customary for comparable companies engaged in similar businesses;

(l) Solvency. On the date of the making of each Advance and both immediately before and immediately after giving effect to all the transactions contemplated by this Agreement and the other documents referred to herein to occur on the date of the making of each Advance and as of the date hereof, (i) the sum of the Borrower's property (on a consolidated basis), at a fair valuation, does and will exceed its liabilities (on a consolidated basis), including contingent liabilities, (ii) the present fair salable value of the Borrower's assets (on a consolidated basis) is not and shall not be less than the amount that will be required to pay the Borrower's probable liability on its then existing debts (on a consolidated basis), including contingent liability, as they mature, (iii) the Borrower (on a consolidated basis) does not and will not have unreasonably small capital with which to continue its business, and (iv) the Borrower (on a consolidated basis) has not incurred, does not intend to incur and does not believe it will incur debts beyond its ability to pay such debts as they mature;

(m) Environmental Matters. Except as disclosed prior to the date of this Agreement in writing to the Lenders (i) the Borrower and each of the Subsidiaries are now and will continue to be, to the extent required, in compliance with all applicable United States federal and state, local, foreign and international laws, regulations, conventions and agreements relating to pollution prevention or protection of human health or the environment (including, without limitation, ambient air, surface water, ground water, navigable waters, waters of the contiguous

zone, ocean waters and international waters), including, without limitation, laws, regulations, conventions and agreements relating to (1) emissions, discharges, releases or threatened releases of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous materials, oil, hazardous substances, petroleum and petroleum products and by-products (“Materials of Environmental Concern”), or (2) the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Materials of Environmental Concern (“Environmental Laws”) (except, as to all of the above, where the failure to do so would not be reasonably likely to result in a Material Adverse Change); (ii) the Borrower and each of the Subsidiaries now have and will continue to have, to the extent required, all permits, licenses, approvals, rulings, variances, exemptions, clearances, consents or other authorizations required under applicable Environmental Laws (“Environmental Approvals”) and are now and will continue to be, to the extent required, in compliance with all Environmental Approvals required to operate their respective businesses as then being conducted (except where the failure to comply with, obtain or renew such permits, licenses, rulings, variances, exemptions, clearances, consents or other authorizations would not be reasonably likely to result in a Material Adverse Change); and (iii) neither the Borrower nor any of the Subsidiaries have received any notice of any claim, action, cause of action, investigation or demand by any Person, entity, enterprise or government, or any political subdivision, intergovernmental body or agency, department or instrumentality thereof, alleging potential liability which would reasonably be likely to result in a Material Adverse Change, or a requirement to incur, any investigatory costs, cleanup costs, response and/or remedial costs (whether incurred by a governmental entity or otherwise), natural resources, property and/or personal injury damages, attorneys’ fees and expenses, or fines or penalties, in each case arising out of, based on or resulting from (1) the presence, or release or threat of release into the environment, of any Materials of Environmental Concern at any location, whether or not owned by the Borrower or any of the Subsidiaries, or (2) circumstances forming the basis of any violation, or alleged violation, of any Environmental Law or Environmental Approval (“Environmental Claim”) (other than Environmental Claims that have been fully and finally adjudicated or otherwise determined and all fines, penalties and other costs, if any, payable by the Borrower or any of the Subsidiaries in respect thereof have been paid in full or which are fully covered by insurance (including permitted deductibles)), if such costs, damages, fees, expenses, fines and/or penalties on a consolidated basis are material in the aggregate;

(n) Liens. Other than as disclosed on Schedule C, there are no Liens in respect of Secured Debt on any property owned by the Borrower or any Subsidiary of the Borrower;

(o) ERISA. The execution and delivery of this Agreement and the consummation of the transactions hereunder will not involve any prohibited transaction within the meaning of ERISA or Section 4975 of the Code and no condition exists or event or transaction has occurred in connection with any Plan resulting from the failure to comply with ERISA which is reasonably likely to result in the Borrower or any Subsidiary or any ERISA Affiliate incurring any liability, fine or penalty which individually or in the aggregate would have a material adverse effect. Prior to the date hereof, the Borrower has delivered to the Facility Agent a list of all the employee benefit plans to which the Borrower or any Subsidiary or any ERISA Affiliate is a “party in interest” (within the meaning of Section 3(14) of ERISA) or a “disqualified person” (within the meaning of Section 4975(e)(2) of the Code);

(p) Foreign Trade Control Regulations. None of the transactions contemplated herein will violate any of the provisions of the Foreign Assets Control Regulations of the United States of America (Title 31, Code of Federal Regulations, Chapter V, Part 500, as amended), any of the provisions of the Cuban Assets Control Regulations of the United States of America (Title 31, Code of Federal Regulations, Chapter V, Part 515, as amended), any of the provisions of the Libyan Sanctions Regulations of the United States of America (Title 31, Code of Federal Regulations, Chapter V, Part 550, as amended), any of the provisions of the Iranian Transactions Regulations of the United States of America (Title 31, Code of Federal Regulations, Chapter V, Part 560, as amended), any of the provisions of the Iraqi Sanctions Regulations (Title 31, Code of Federal Regulations, Chapter V, Part 575, as amended), any of the provisions of the Federal Republic of Yugoslavia (Serbia and Montenegro) Sanctions Regulations (Title 31, Code of Federal Regulations, Chapter V, Part 585 as amended) or any of the provisions of the Regulations of the United States of America Governing Transactions in Foreign Shipping of Merchandise (Title 31, Code of Federal Regulations, Chapter V, Part 505, as amended); and

(q) Lawful Purposes/Ultimate Beneficiary. The Borrower requires the Credit Facility for use in connection with its lawful corporate purpose and for no other purposes and the Borrower’s use of the Credit Facility does not contravene any law, official requirement or other regulatory measure or procedure applicable to the Borrower implemented to combat “money laundering” (as defined in Article 1 of the Directive (91/308/EEC) of the Council of the European Communities) and comparable United States Federal and state laws applicable to the Borrower. The Borrower represents that it is the ultimate beneficiary of the Credit Facility contemplated in this Agreement and will promptly notify the Lenders (by written notice to the Facility Agent) if it ceases to be the ultimate beneficiary. Such written notice shall disclose the name and the address of the new ultimate beneficiary.

SECTION 3. ADVANCES OF THE FACILITY/LETTERS OF CREDIT

3.1. Purpose. The Lenders have agreed to make the Initial Commitment under the Credit Facility available for purposes of (a) vessel acquisitions by the Borrower or any of its Subsidiaries, and (b) general corporate purposes of the Borrower. Upon the written request of the Borrower to the Facility Agent, the Initial Commitment under the Credit Facility may be increased by the Commitment Increase, provided that (a) at the time of making such request, there exists no Material Adverse Change or Event of Default and that such increase in the Committed Amount would not cause a Material Adverse Change or Event of Default, (b) the existing Lenders at the time of the making of such request or any new Lenders who has become a party hereto in accordance with Section 11 hereof, agree to make the Commitment Increase or a portion thereof available, and (c) any such increase in the Committed Amount shall be in minimum increments

of Twenty-five Million Dollars (\$25,000,000). The purposes of the Commitment Increase shall be the same as those for which the Initial Commitment is to be utilized.

3.2. Advances. Each of the Lenders, relying upon each of the representations and warranties set out in Section 2, hereby agrees with the Borrower that, subject to the terms of this Agreement, it will on the Drawdown Dates make its portion of each Advance (*pro rata* in proportion to its Commitment) in Dollars or a Foreign Currency, as requested by the Borrower, available through the Facility Agent to the Borrower in an aggregate amount not to exceed at any one time outstanding the then available Committed Amount, provided, however, that no further

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Advances shall be made one month prior to the Termination Date. The Initial Advance shall be in an amount (in an integral multiple of One Million Dollars (\$1,000,000)) equal to or exceeding Five Million Dollars (\$5,000,000) and each subsequent Dollar Advance shall be in an amount (in an integral multiple of One Million Dollars (\$1,000,000)) equal to or exceeding One Million Dollars (\$1,000,000). Each Foreign Currency Advance shall be in an amount (in an integral multiple of one hundred (100) units of account of the relevant currency) equal to or exceeding the then Dollar Equivalent of One Million Dollars (US\$1,000,000). Each Advance may only be denominated in a single currency. Each Advance shall be repaid in full, as more fully set forth hereinafter, not later than the Termination Date. Not more than fifteen (15) Advances may be made in each consecutive twelve (12) month period. Within the limits of this Section 3.2 and upon the conditions herein provided, the Borrower may from time to time borrow pursuant to this Section 3.2, repay Advances pursuant to Section 5 and reborrow pursuant to this Section 3.2. The obligation of each Lender to advance its respective portion of any Advance shall be several and not joint with the other Lenders. With respect to each Advance, no Lender shall be obliged to advance to the Borrower (a) with respect to each Advance, an amount in excess of such Lender's *pro rata* share of such Advance and, (b) when aggregated with all other Advances outstanding at any time, an amount in excess of its Commitment.

3.3. Drawdown Notice. The Borrower shall not less than three (3) Banking Days before each Drawdown Date (other than a Drawdown Date occurring by reason of a drawing under any Letter of Credit) serve a notice (a "Drawdown Notice") on the Facility Agent (which shall promptly furnish a copy to each Lender), substantially in the form set out in Exhibit 2, which notice shall (a) be in writing addressed to the Facility Agent, (b) be effective on receipt by the Facility Agent, provided it is received before 11 a.m. New York time (otherwise it shall be deemed to have been received on the next Banking Day), (c) specify the currency, amount and purpose of the Advance to be drawn, (d) specify the Banking Day on which the Advance is to be drawn and the initial Interest Period, (e) specify the disbursement instructions and (f) be irrevocable.

3.4. Drawdown Notice a Warranty. Each Drawdown Notice shall be deemed to constitute a warranty by the Borrower (a) that the representations and warranties stated in Section 2 are true and correct on the date of such Drawdown Notice and will be true and correct on the Drawdown Date as if made on such date, (b) that after giving effect to the borrowing made pursuant to such Drawdown Notice, the Credit Facility Balance shall not exceed the Committed Amount then available hereunder pursuant to Section 3.2 and (c) that no Event of Default nor any event which, with the giving of notice or lapse of time, or both, would constitute an Event of Default has occurred and is continuing.

3.5. Notation of Advance on Note. Each Advance, or *pro rata* portion thereof, made by a Lender to the Borrower may be evidenced by a notation of the same made by such Lender on the grid attached to such Lender's Note, which notation, absent manifest error, shall be prima facie evidence of the amount of the relevant Advance.

3.6. Foreign Currency Advances. The Dollar Equivalent (calculated at the applicable Exchange Rate from time to time prevailing) of the aggregate principal amount of Foreign Currency Advances at any time outstanding under the Credit Facility (together with the Dollar Equivalent of the aggregate Stated Amount of Letters of Credit then outstanding and denominated in currencies other than Dollars) shall not exceed fifty percent (50%) of the then available Committed Amount. To the extent provisions of this Agreement require the calculation

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of amounts advanced or available under the Credit Facility in Dollars, any such amounts (if denominated in a currency other than Dollars) which are subject to such calculation shall, for purposes of such calculations, be notionally converted to Dollars at the relevant Exchange Rate then prevailing. The calculation of such currency conversion shall be certified by the Facility Agent or the Letter of Credit Issuer, as the case may be, which certification, absent any manifest error, shall be conclusive and binding on the Borrower and the Lenders. If exchange rate fluctuations (a) cause the Credit Facility Balance to exceed the Committed Amount at any time or (b) cause the Foreign Currency Advances (together with the Dollar Equivalent of the aggregate Stated Amount of Letters of Credit then outstanding and denominated in currencies other than Dollars) to exceed fifty percent (50%) of the then available Committed Amount at any time, then the Borrower shall, within seven (7) days of written demand of the Facility Agent, repay Advances and, thereafter to the extent necessary, cash collateralize Letters of Credit, in an amount equal to the excess of the Credit Facility Balance over the Committed Amount or repay Foreign Currency Advances (together with the Dollar Equivalent of the aggregate Stated Amount of Letters of Credit then outstanding and denominated in currencies other than Dollars) in an amount sufficient to reduce Foreign Currency Advances to not more than fifty percent (50%) of the then available Committed Amount, as the case may be.

3.7. Letters of Credit. (a) Subject to and upon the terms and conditions herein set forth, the Borrower may request that a Letter of Credit Issuer at any time and from time to time prior to the Banking Day immediately preceding the Termination Date issue, for

the account of the Borrower and in support of L/C Supportable Obligations, and subject to and upon the terms and conditions herein set forth, such Letter of Credit Issuer agrees to issue from time to time, irrevocable standby letters of credit denominated in Dollars (or in such other currency as the Borrower and the Letter of Credit Issuer may agree) and in such form as may be approved by the Letter of Credit Issuer (singly, a "Letter of Credit" and collectively, the "Letters of Credit"). Schedule E contains a description of all letters of credit issued for the account of the Borrower pursuant to the Existing Credit Agreement which will remain outstanding on the date hereof. Each such letter of credit, including any extension thereof (each an "Existing Letter of Credit"), shall constitute a "Letter of Credit", for all purposes of this Agreement and shall be deemed issued for the purposes of Sections 3.10 and 14.2 on the date hereof.

(b) Notwithstanding the foregoing, (i) no Letter of Credit shall be issued, the Stated Amount of which, (x) when added to the Letter of Credit Outstandings at such time, would exceed Two Hundred Million Dollars (\$200,000,000) or (y) when added to the Letter of Credit Outstandings at such time plus the aggregate principal amount of all Advances made by Lenders then outstanding would exceed the Committed Amount at such time; and (ii) each Letter of Credit shall have an expiry date occurring not later than the earlier of (x) the date which occurs thirty-six (36) months after the date of issuance thereof and (y) the Banking Day immediately preceding the Termination Date; provided that the Borrower may request, and the Letter of Credit Issuer, the Facility Agent and the Lenders may consent, in their respective absolute discretion, to extend the expiry dates of certain Letters of Credit beyond the Termination Date (singly, an "Extended Letter of Credit" and collectively, the "Extended Letters of Credit"). Should one or more Lenders not consent to the requested extension, the Borrower may request and the Letter of Credit Issuer, the Facility Agent and the remaining Lenders may agree to provide such Extended Letter of Credit and in such case and for such purpose, the Commitments of the Lenders will be adjusted accordingly. For purposes of determining compliance with limitations set forth in this Agreement, the Dollar Equivalent of the Stated

Amount of any Letter Credit denominated in a currency other than Dollars shall be converted at the Issuer's Exchange Rate in effect at the time of determination.

3.8. Request for Issuance of Letter of Credit. (a) Whenever the Borrower wishes that a Letter of Credit be issued, the Borrower shall give the applicable Letter of Credit Issuer written notice (a "Letter of Credit Request"), copied to the Facility Agent, substantially in the form of Exhibit 3 prior to 11:00 a.m., New York time, at least three (3) Banking Days prior to the proposed date of issuance (which shall be a Banking Day), which Letter of Credit Request shall include any documents that the Letter of Credit Issuer may reasonably require in connection therewith. The Letter of Credit Request shall be irrevocable. The Letter of Credit Issuer shall promptly notify each Lender of each Letter of Credit Request.

(b) The Letter of Credit Issuer shall, on the date of each issuance of a Letter of Credit by it, give each Lender and the Borrower written notice of the issuance of such Letter of Credit.

3.9. Letter of Credit Payments Deemed Advances. (a) The Borrower hereby agrees that any payment or disbursement made by a Letter of Credit Issuer under any Letter of Credit shall be deemed an Advance in Dollars (amounts paid or disbursed in currencies other than Dollars or Foreign Currencies shall be converted to Dollars at the Exchange Rate as of the date of payment or disbursement) or the Foreign Currency in which such Letter of Credit was denominated under this Agreement and shall bear interest for each day from the date of such payment or disbursement at the Base Rate as in effect on each day until the date falling three (3) Banking Days after receipt by the Facility Agent of an Interest Notice with respect to such Advance and shall thereafter bear interest at the Applicable Rate. The Letter of Credit Issuer shall give prompt notice to the Borrower and the Lenders of each payment or disbursement and the amount thereof in, as applicable, (x) Dollars, (y) the relevant Foreign Currency or (z), if such payment or disbursement was in a currency other than Dollars or a Foreign Currency, the Dollar Equivalent of such payment or disbursement (together with the sum thereof in the relevant foreign currency and the applicable Exchange Rate) under a Letter of Credit.

(b) (i) The Letter of Credit Issuer shall not concern itself with the regularity or propriety of any demand made under any Letter of Credit beyond the face thereof, provided that such demand strictly complies with the terms of such Letter of Credit and (subject to the above proviso) it shall not be a defense to a claim of the Letter of Credit Issuer that the Letter of Credit Issuer could have resisted the payment in respect of which such claim is made.

(ii) The Borrower's obligation to repay any Advance deemed made under this Section 3.9 (including, in each case, interest thereon) shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which the Borrower may have or have had against the Letter of Credit Issuer or any Lender, including, without limitation, any defense based upon the failure of any drawing under a Letter of Credit to conform to the terms of the Letter of Credit (other than the failure of the Letter of Credit Issuer to determine that any documents required to be delivered under such Letter of Credit have been delivered and that they comply on their face with the requirements of such Letter of Credit) or any non-application or misapplication by the beneficiary of the proceeds of such drawing; provided, however, that the Borrower shall not be obligated to reimburse the Letter of Credit Issuer for any wrongful payment made by the Letter of Credit Issuer under a Letter

3.10. Letter of Credit Participation. (a) Immediately upon the issuance by a Letter of Credit Issuer of such Letter of Credit, the Letter of Credit Issuer shall be deemed to have sold and transferred to each Lender, and each Lender (each a "Letter of Credit Participant") shall be deemed irrevocably and unconditionally to have purchased and received from the Letter of Credit Issuer, without recourse or warranty, an undivided interest and participation, in proportion to such Lender's Commitment, in such Letter of Credit, each substitute letter of credit, each drawing made thereunder and the obligation of the Borrower under this Agreement with respect thereto (although the Letter of Credit Fee shall be payable directly to the Facility Agent for the account of the Letter of Credit Participants as provided in Section 14.2) and any security therefor or guaranty pertaining thereto; provided, however, that for purposes of an Extended Letter of Credit, a Lender that did not consent to an Extended Letter of Credit shall not be deemed to be a Letter of Credit Participant in such Extended Letter of Credit.

(b) In determining whether to pay under any Letter of Credit, the Letter of Credit Issuer shall not have any obligation relative to the respective Letter of Credit Participants other than to determine that any documents required to be delivered under such Letter of Credit have been delivered and that they comply on their face with the requirements of such Letter of Credit. Any action taken or omitted to be taken by the Letter of Credit Issuer under or in connection with any Letter of Credit, if taken or omitted in the absence of gross negligence or willful misconduct, shall not create for the Letter of Credit Issuer any resulting liability to the respective Letter of Credit Participants.

(c) In the event that any Letter of Credit Issuer makes any payment under any Letter of Credit issued thereby, upon receipt of notice thereof as provided in Section 3.9(a), each Letter of Credit Participant shall promptly and unconditionally pay to the Letter of Credit Issuer, the amount of such Letter of Credit Participant's Percentage of such payment in Dollars (or if the Letter of Credit was (x), issued in a Foreign Currency, the currency of issuance or (y) issued in a currency other than Dollars or the Foreign Currencies, in Dollars, based upon the Dollar Equivalent of the deemed advance as calculated pursuant to Section 3.9(a)) and in same day funds; provided, however, that no Letter of Credit Participant shall be obligated to pay to the Letter of Credit Issuer its percentage of such payment for any wrongful payment made by the Letter of Credit Issuer under a Letter of Credit as a result of acts or omissions constituting willful misconduct or gross negligence on the part of the Letter of Credit Issuer. If the Letter of Credit Issuer so notifies any Letter of Credit Participant required to fund a Drawing under a Letter of Credit prior to 11:00 a.m., New York time, on any Banking Day, such Letter of Credit Participant shall make available to the Letter of Credit Issuer such Letter of Credit Participant's Percentage of the amount of such payment on such Banking Day in same day funds. If and to the extent such Letter of Credit Participant shall not have so made its percentage of the amount of such drawing available to the Letter of Credit Issuer, such Letter of Credit Participant agrees to pay to the Letter of Credit Issuer, forthwith on demand such amount, together with interest thereon, for each day from such date until the date such amount is paid to the Letter of Credit Issuer at the overnight Federal Funds Effective Rate. The failure of any Letter of Credit Participant to make available to the Letter of Credit Issuer its percentage of any drawing under any Letter of Credit shall not relieve any other Letter of Credit Participant of its obligation hereunder to make available to the Letter of Credit Issuer its percentage of any payment under any Letter of Credit on the date required, as specified above, but no Letter of Credit Participant

shall be responsible for the failure of any other Letter of Credit Participant to make available to the Letter of Credit Issuer such other Letter of Credit Participant's Percentage of any such payment.

(d) The obligation of the respective Letter of Credit Participants to make payments to the applicable Letter of Credit Issuer with respect to Letters of Credit shall be irrevocable and not subject to counterclaim, set-off or other defense or any other qualification or exception whatsoever (provided that no Letter of Credit Participant shall be required to make payments resulting from the Letter of Credit Issuer's gross negligence or willful misconduct) and shall be made in accordance with the terms and conditions of this Agreement under all circumstances, including, without limitation, any of the following circumstances:

(i) any lack of validity or enforceability of this Agreement.

(ii) the existence of any claim, set-off, defense or other right which the Borrower may have at any time against a beneficiary named in a Letter of Credit, any transferee of any Letter of Credit (or any person for whom any such transferee may be acting), any Agent or Lender or other person, whether in connection with this Agreement, any Letter of Credit, the transactions contemplated herein or any unrelated transactions (including any underlying transaction between the Borrower and the beneficiary named in any such Letter of Credit);

(iii) any draft, certificate or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect; or

(iv) the occurrence of any Event of Default.

SECTION 4. CONDITIONS

4.1. Conditions Precedent to Drawdown of the Initial Advance under the Credit Facility. The obligation of the Lenders to make the initial Advance available to the Borrower under this Agreement shall be expressly subject to the following conditions precedent:

(a) the Facility Agent shall have received the following documents in form and substance satisfactory to the Facility Agent and its legal advisers:

(i) copies, certified as true and complete by an officer of the Borrower of the resolutions of its board of

directors evidencing approval of this transaction and authorizing an appropriate officer or officers or attorney-in-fact or attorneys-in-fact to execute this Agreement and the Notes and any other documents required in connection herewith on its behalf;

(ii) copies, certified as true and complete by an officer of the Borrower or other applicable party, of all documents evidencing any other necessary actions (including actions by such parties thereto other than the Borrower as may be required by the Lenders), approvals or consents with respect to this Agreement and the Notes and the transactions contemplated hereby and thereby;

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(iii) copies, certified as true and complete by an officer of the Borrower of its certificate of incorporation and by-laws;

(iv) certificate of the Secretary or Assistant Secretary of the Borrower certifying as to (x) the incumbency of the signatories of the Borrower, (y) the present directors of the Borrower and (z) the authorized, issued and outstanding capital stock of each of the Vessel Owning/Operating Subsidiaries legally and beneficially owned by the Borrower; and

(v) good standing certificate of the Borrower;

(b) the Borrower shall have duly executed and delivered:

(i) this Agreement,

(ii) the Notes, and

(iii) the letter agreement referred to in Section 14.3;

(c) the Operating Accounts referred to in Section 8.1 shall have been duly established with the Facility Agent;

(d) the Facility Agent shall have received a certificate of the chief financial officer of the Borrower confirming the representations and warranties set forth in Section 2.1(l) and containing conclusions as to the solvency of the Borrower (on a consolidated basis);

(e) the Agents and the Lenders shall have received payment in full of all fees and expenses due to them on the date hereof including, without limitation, all fees and expenses due under Section 14;

(f) the Facility Agent shall be satisfied that neither the Borrower nor any of the Subsidiaries is subject to any Environmental Claim which could give rise to a Material Adverse Change;

(g) the Facility Agent shall have received true and complete copies of (i) the 10K report of the Borrower for the year ending December 31, 2005 filed with the United States Securities and Exchange Commission and (ii) all 10Q and 8K reports filed by the Borrower with the United States Securities and Exchange Commission since December 31, 2005;

(h) no Material Adverse Change having occurred since June 30, 2006;

(i) the Facility Agent having received such evidence as it may require that the Borrower and each of the Subsidiaries have insured their respective properties and other assets with underwriters and agents acceptable to the Facility Agent in the manner required under Section 2.1(k);

(j) the Facility Agent shall have received opinions from Seward & Kissel LLP, counsel to the Lenders and the Agents, Alice Gran, Esq., in-house counsel to the Borrower and Weil, Gotshal & Manges, special counsel to the Borrower, in such form as the Facility Agent may agree, as well as such other legal opinions as the Lenders shall have required as to all or any

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matters under the laws of the United States of America, the State of New York and the State of Delaware covering the representations and conditions which are the subjects of Sections 2 and 4 or in such other form as the Facility Agent may agree; and

(k) the Facility Agent shall have received evidence of the termination, cancellation and prepayment of all amounts outstanding under the Existing Credit Facility.

4.2. Further Conditions Precedent. The obligation of the Lenders to make any Advance (other than an Advance which occurs by reason of a drawing under any Letter of Credit) available to the Borrower shall be expressly and separately from the foregoing conditional upon, on the relevant Drawdown Date:

- (a) the Facility Agent having received a Drawdown Notice in accordance with the terms of Section 3.3;
- (b) the representations stated in Section 2 (updated mutatis mutandis) being true and correct as if made on that date;
- (c) no Event of Default having occurred and being continuing and no event having occurred and being continuing which, with the giving of notice or lapse of time, or both, would constitute an Event of Default; and
- (d) the Facility Agent being satisfied that no Event of Default will arise following the drawdown of the Advance in question by reason of the drawdown of the Advance and that no event or state of affairs exists which constitutes, in the reasonable opinion of the Facility Agent, a material risk that it will be unlawful or impossible for the Borrower to make any payment or perform any material obligation as required under the terms of this Agreement and the Notes.

4.3. Break Funding Costs. In the event that, on any date specified for the making of an Advance in any Drawdown Notice, the Lenders shall not be obliged under this Agreement to make such Advance available under this Agreement, the Borrower shall indemnify and hold the Lenders or any of them, fully harmless against any losses which they may sustain as a result of borrowing or agreeing to borrow funds to meet the drawdown requirement in respect thereof and the certificate of such Lender, absent manifest error, shall be conclusive and binding on the Borrower as to the extent of any such losses.

4.4. Satisfaction after Drawdown. Without prejudice to any of the other terms and conditions of this Agreement, in the event the Lenders, in their sole discretion, make an Advance prior to the satisfaction of all or any of the conditions referred to elsewhere in Sections 4.1 and 4.2, the Borrower hereby covenants and undertakes to satisfy or procure the satisfaction of such condition or conditions within fourteen (14) days after the relevant Drawdown Date (or such longer period as the Lenders, in their sole discretion, may agree) and the failure of the Borrower to do so will constitute an Event of Default.

SECTION 5. REPAYMENT, PREPAYMENT AND REDUCTION

5.1. Repayment. The Borrower shall repay all outstanding Advances (subject to reductions and prepayments as hereinafter set forth) on the Termination Date and shall also repay outstanding Advances, to the extent required to comply with (a) Section 3.6, (b) a reduction of

the Credit Facility pursuant to Section 5.3 or (c) as may be otherwise provided in this Agreement. Each Advance (together with interest accrued thereon and any costs or other sums associated therewith payable by the Borrower hereunder) shall be repaid in the currency in which such Advance was drawn down or, in the case of such costs or sums, the currency in which such cost or sum was incurred or booked by the Agent and the Lenders.

5.2. Prepayment. The Borrower may prepay, upon three (3) days' written notice, any outstanding Advance or any portion thereof, without penalty, provided that such prepayment is made on the last day of the Interest Period covering such Advance. Each prepayment shall be (a) in a minimum amount of: (x) if made in Dollars, One Million Dollars (\$1,000,000) or (y) if made in a Foreign Currency, the then Dollar Equivalent (rounded upward to the nearest multiple of one hundred (100) units of account of the relevant currency) of One Million Dollars (\$1,000,000), (b) in an amount equal to an integral multiple of such minimum amount or (c) in the full amount of the Advance. On the date of prepayment (whether pursuant to this Section or as a consequence of any reduction in the Committed Amount) all accrued interest to the date of such prepayment shall be paid in full with respect to Advances or portion thereof being prepaid, together with any and all actual costs or expenses incurred by any Agent or Lender in connection with any breaking of funding (as certified by the relevant Lenders, which certification, absent any manifest error, shall be conclusive and binding on the Borrower).

5.3. Permanent Reduction of the Committed Amount of the Credit Facility.

(a) Mandatory Permanent Reduction. Subject to the following provisions of this Section 5, (i) on the fifth anniversary of the date of this Agreement, the outstanding Committed Amount shall be reduced by an amount equal to the Mandatory Reduction Amount, (ii) on the sixth anniversary of the date of this Agreement, the Committed Amount shall be further reduced by an amount equal to the Mandatory Reduction Amount, and (iii) on the Termination Date, the Committed Amount shall be reduced to zero.

(b) Voluntary Permanent Reduction. The Borrower shall have the right, at any time and from time to time, to request, without penalty, a permanent partial or whole reduction of the Committed Amount, provided that (a) the Facility Agent receives three (3) Banking Days' prior written notice of such request and (b) if the then outstanding Credit Facility Balance exceeds the Committed Amount as so reduced, such requested reduction occurs on the last day of the applicable Interest Period(s) for Advances (or portions thereof) outstanding under this Agreement at least equal to the excess of the Credit Facility Balance over the reduced Committed Amount. Each such partial permanent reduction shall be equal to or shall exceed Ten Million Dollars (\$10,000,000) and shall be an integral multiple of Ten Million Dollars (\$10,000,000).

5.4. Reduction of Commitment. Simultaneously with each reduction of the Committed Amount (whether pursuant to

Section 5.3 or otherwise), each Lender's Commitment in respect of the Credit Facility shall be reduced *pro rata* in proportion to their respective interests in the Credit Facility.

SECTION 6. INTEREST AND RATE

6.1. Applicable Rate. Except as otherwise provided in Section 3.9, each Advance shall bear interest at a rate *per annum* (the "Applicable Rate") equal to the aggregate of

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(a) LIBOR for the applicable Interest Period, plus (b) the Applicable Margin plus (c) any applicable margin or eurocurrency liability reserve requirement imposed on any Lender as a result of the operation of Regulation D (Title 12, Code of Federal Regulations, Chapter II, Part 204), or any successor thereto, or similar reserve requirement imposed upon a Lender by the jurisdiction of incorporation of such Lender or the domicile of its lending office making its Advances, as in effect from time to time constituting a sum payable by the Borrower under Section 12.2. Upon the occurrence of an Event of Default or an event or condition which, with the giving of notice or passage of time or both, would constitute an Event of Default, the Credit Facility Balance or any other amount payable hereunder or under the Notes shall bear interest thereafter at a rate (the "Default Rate") of two hundred basis points (200 bp) over the Applicable Rate then in effect.

6.2. LIBOR: Interest Periods. With respect to each Advance, the Borrower may select Interest Periods of one (1), two (2), three (3), six (6), nine (9) or twelve (12) months (or such longer period as the Lenders may, in their sole discretion, agree), provided however, that in no event may the Borrower select an Interest Period of one (1) month more than six (6) times in any calendar year. The Borrower shall give an Interest Notice to the Facility Agent (which shall promptly forward same to the Lenders) at least three (3) Banking Days prior to the end of any then existing Interest Period, which Interest Notice shall set forth the Interest Period selected. If at the end of any then existing Interest Period, the Borrower fails to give an Interest Notice as provided herein, the following Interest Period shall have a duration of three (3) months. LIBOR and the Applicable Rate shall be determined by the Facility Agent two (2) Banking Days prior to the first day of the relevant Interest Period and shall be promptly notified in writing to the Borrower. The Borrower's right to select an Interest Period shall be further subject to the restriction that no selection of an Interest Period shall be effective unless the Lenders are satisfied that the necessary funds will be available to the Lenders for such period and the Facility Agent is satisfied that no Event of Default or event which with notice or the passage of time, or both, would constitute an Event of Default shall have occurred. No Interest Period may extend beyond the Termination Date.

6.3. Interest Payments. Interest on each Advance or portion thereof, shall be payable quarterly in arrears and on the last day of each Interest Period.

6.4. Interest Due Only on Banking Day. If interest would, under Section 6.3, be payable on a day which is not a Banking Day, it shall then be payable on the next following Banking Day, unless such next following Banking Day falls in the following month in which case it shall be payable on the Banking Day immediately preceding the day on which such interest would otherwise be payable.

6.5. Calculation of Interest. All interest shall accrue from day to day and be calculated on the actual number of days elapsed and on the basis of a three hundred sixty (360) day year.

SECTION 7. PAYMENTS

7.1. Place of Payments, No Set Off. All payments to be made hereunder by the Borrower shall be made on the due dates of such payments to the Facility Agent at its office located at 200 Park Avenue, New York, New York or to such other branch of the Facility Agent as the Facility Agent may direct, without set-off or counterclaim and free from, clear of and without deduction for, any Taxes, provided, however, that if the Borrower shall at any time be

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compelled by law to withhold or deduct any Taxes from any amounts payable to the Agents and the Lenders hereunder, then, subject to Section 7.2, the Borrower shall pay such additional amounts in Dollars as may be necessary in order that the net amounts received after withholding or deduction shall equal the amounts which would have been received if such withholding or deduction were not required and, in the event any withholding or deduction is made, whether for Taxes or otherwise, the Borrower shall promptly send to the Facility Agent such documentary evidence with respect to such withholding or deduction as may be required from time to time by the Agents and the Lenders or any thereof.

7.2. Proof of no Withholding. Each Lender and any transferee, assignee or participation holder (a "Transferee") that is not incorporated under the laws of the United States of America or a State thereof agrees that, on the initial Drawdown Date and prior to the first date on which any payment is due to such Lender or Transferee hereunder, the Lender or Transferee shall deliver to the Borrower a duly completed United States Internal Revenue Service Form W-8 BEN or Form W-8 ECI (or applicable successor form) indicating that such Lender is exempt from United States withholding tax. Each Lender or Transferee that is incorporated under the laws of the United States or a State thereof shall, prior to the first date on which any payment is due to such Lender or Transferee hereunder, deliver to the Borrower a United States Internal Revenue Service Form W-9 (or applicable successor form). A Lender or Transferee subject to the provisions of this Section 7.2 further undertakes to deliver to the Borrower another copy of any of the foregoing forms on or before the date that any such form expires or becomes obsolete or after the occurrence of any event requiring a change in the most recent form

previously delivered thereby to the Borrower, unless in any such case an event (including, without limitation, any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would otherwise be required which renders all such forms inapplicable or which would prevent such Lender or Transferee from duly completing and delivering any such form with respect to it, and such Lender or Transferee has advised the Borrower that it is no longer exempt from United States withholding tax or exempt from United States backup withholding tax, as the case may be. The Borrower shall not be required to pay any additional amounts described in Section 7.1 hereof to the extent that the underlying Taxes arise as a result of (i) a Lender's or a Transferee's failure to provide any applicable IRS form referred to in this Section 7.2 within sixty (60) days after the Borrower has made a written request for such form, or (ii) the IRS determining upon audit of the Borrower that such IRS form submitted by the Lender or a Transferee is incorrect or invalid.

7.3. Federal Income Tax Credits. In connection with the foregoing, each Lender may consult with its legal advisers, all fees and expenses of which shall be for the account of the Borrower. If a Lender obtains the benefit of a credit against its liability for federal income taxes imposed by the United States of America for all or part of the Taxes as to which the Borrower has paid additional amounts as aforesaid then such Lender shall reimburse the Borrower for the amount of the credit so obtained.

SECTION 8. ACCOUNTS

8.1. The Operating Accounts. Except as otherwise agreed by the Facility Agent, the Borrower and the Vessel Owning/Operating Subsidiaries shall maintain with the Facility Agent at the office of the Facility Agent located at 200 Park Avenue, New York, New York or at other branches of the Facility Agent the principal operating accounts of the Borrower and the Vessel Owning/Operating Subsidiaries if the Facility Agent has full commercial banking capability as of

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the date of this Agreement in the geographic areas in which the Borrower or any of the Vessel Owning/Operating Subsidiaries operate. The Lenders expressly acknowledge that such operating accounts are not pledged or otherwise hypothecated to the Lenders in connection with the Credit Facility. The Lenders further acknowledge that any moneys deposited in such accounts may be utilized for any business purpose whatsoever consistent with the terms of this Agreement. Amounts accumulated in each Operating Account shall bear interest for the account of the party maintaining such account in accordance with the Facility Agent's normal practice.

SECTION 9. EVENTS OF DEFAULT

9.1. Events of Default. In the event that any of the following events shall occur and be continuing:

(a) Principal and Interest Payments. Any payment of principal due on any Mandatory Reduction Date, the Termination Date or otherwise due hereunder or under the Notes or under any of them or any Interest on any of the Advances, is not paid on the due date; or

(b) Other Payments. Any amount (other than principal and interest) becoming payable under this Agreement or under the Notes or under any of them, is not paid on the due date or date of demand (as the case may be), and such default continues unremedied for a period of three (3) Banking Days; or

(c) Representations, etc. Any representation, warranty or other statement made by the Borrower in this Agreement or in any other instrument, document or other agreement delivered in connection herewith or therewith proves to have been untrue or misleading in any material respect as at the date as of which made or affirmed; or

(d) Impossibility, Illegality. It becomes impossible or unlawful for the Borrower to fulfill any of the covenants and obligations contained herein or in the Notes or for any of the Lenders to exercise any of the rights vested in them hereunder or under the Notes and such impossibility or illegality in the reasonable opinion of the Majority Lenders will give rise to a Material Adverse Change; or

(e) Citizenship. The Borrower or any of the Subsidiaries owning Vessels registered under the laws and flag of the United States of America breaches Section 10.1(a)(vii) and, provided such default does not render any such Vessel liable to forfeiture, such default is not cured within thirty (30) days of its occurrence; or

(f) Covenants. (I) The Borrower defaults in the performance of Sections 10.1 (a)(iv), (vi) or (xx) or Sections 10.1(b)(i), (iii), (iv), (v), (vi), (xi) or (xii) or (II) the Borrower defaults in the performance of Sections 10.1(a)(xvi), (xvii) or (xviii) and such default is not cured within twenty (20) days; or

(g) Other Covenants. The Borrower defaults in the performance of any other term, covenant or agreement contained in this Agreement, in the Notes or in any other instrument, document or other agreement delivered in connection herewith or therewith, or there occurs any other event which constitutes a default under this Agreement or under the Notes, in each case other than an Event of Default referred to elsewhere in this Section 9.1 and such default continues unremedied for a period of thirty (30) days following notice thereof by the Facility Agent; or

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(h) Indebtedness. The Borrower or any of the Subsidiaries shall (a) default in the payment when due (subject to any applicable grace period), whether by acceleration or otherwise, of any Funded Debt in excess of Twenty-five Million Dollars (\$25,000,000), (b) default in the observance or performance of any agreement or condition relating to any such Funded Debt or any other event shall occur or condition exist, the effect of which default or other event or condition would entitle the holder or holders of such Funded Debt to declare any such Funded Debt to become due prior to its stated maturity or (c) default in the observance or performance of any agreement or condition relating to Indebtedness (other than Funded Debt) exceeding, in the aggregate, Twenty-five Million Dollars (\$25,000,000) and in connection with such default or in connection with any non-payment default in respect of such Indebtedness referred to in this sub-clause (c), any party becomes entitled to (x) enforce the security for any such Indebtedness and such party shall take steps to enforce the same, or (y) any party becomes entitled to accelerate and accelerates such Indebtedness, unless such default, acceleration or enforcement is being contested in good faith and by appropriate proceedings or other acts and the Borrower and/or such Subsidiary or Subsidiaries, as the case may be, shall set aside on its books adequate reserves with respect thereto; or

(i) Bankruptcy. The Borrower or any of the Subsidiaries commences any proceedings relating to any portion of its property under any reorganization, arrangement or readjustment of debt, dissolution, winding up, adjustment, composition, bankruptcy or liquidation law or statute of any jurisdiction (other than with respect to a corporate re-organization unrelated to a company's insolvency), whether now or hereafter in effect ("Proceeding"), or there is commenced against any thereof any Proceeding which Proceeding remains undismissed or unstayed for a period of thirty (30) days; or any receiver, trustee, liquidator or sequestrator of, or for, any thereof or any substantial portion of the property of any thereof is appointed and is not discharged within a period of thirty (30) days; or any thereof by any act indicates consent to or approval of or acquiescence in any Proceeding or to the appointment of any receiver, trustee, liquidator or sequestrator of, or for, itself or any substantial portion of its property; or

(j) Judgments. (a) Any judgment or order is made the effect whereof would be to render ineffective or invalid this Agreement, the Notes or any thereof or (b) non-appealable final judgments or orders for the payment of money involving matters not covered by insurance in excess of \$25,000,000 (or its equivalent in any other currency) in the aggregate for the Borrower and all of its Subsidiaries shall be rendered against the Borrower and/or any of its Subsidiaries and such judgments or orders shall continue unsatisfied and unstayed for a period of thirty (30) consecutive days unless the failure to promptly satisfy such judgment(s) would not result in a Material Adverse Change; or

(k) Inability to Pay Debts. The Borrower or any of the Subsidiaries is unable to pay or admits its inability to pay its debts as they fall due or if a moratorium shall be declared in respect of any Funded Debt of the Borrower or any of the Subsidiaries; or

(l) Change of Control of the Borrower. The Borrower shall have suffered a Change of Control;

then the Lenders' obligation to make the Credit Facility available shall cease and the Facility Agent, on behalf of the Lenders, may (with the consent of the Majority Lenders) and shall (upon the Majority Lenders' instruction) by notice to the Borrower, (i) declare the entire balance of the

then outstanding Advances, accrued interest and any other sums payable by the Borrower hereunder and under the Notes due and payable whereupon the same shall forthwith be due and payable without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived (provided that upon the happening of an event specified in subsections (i) or (k) of this Section 9.1, the Notes shall be immediately due and payable without declaration or other notice to the Borrower), (ii) terminate any Letter of Credit which may be terminated in accordance with its terms and (iii) direct the Borrower to pay (and the Borrower hereby agrees upon receipt of such notice, or upon the occurrence of an Event of Default specified in subsection (i) or (k) of this Section 9.1, it will pay) to the Facility Agent at the office set forth in Section 7.1 such additional amounts, to be held as security in respect of Letters of Credit then outstanding (if any), equal to the aggregate of the then Letter of Credit Outstandings, such amounts to be repaid to the Borrower to the extent not utilized to cover Letter of Credit drawings. In such event, the Facility Agent and the Lenders may proceed to protect and enforce their rights by action at law, suit in equity or in admiralty or other appropriate proceeding, whether for specific performance of any covenant contained in this Agreement or in the Notes or in aid of the exercise of any power granted herein or therein, or the Facility Agent and the Lenders may proceed to enforce the payment of the Notes when due or to enforce any other legal or equitable right of the Lenders, or proceed to take any action authorized or permitted by applicable laws for the collection of all sums due, or so declared due, on the Notes, including, without limitation, the right to appropriate and hold or apply (directly, by way of set-off or otherwise) to the payment of the obligations of the Borrower hereunder and/or under the Notes (whether or not then due) all moneys and other amounts of the Borrower, then or thereafter in possession of the Lenders, the balance of any deposit account (demand or time, matured or unmatured) of the Borrower then or thereafter with the Lenders and every other claim of the Borrower then or thereafter against the Lenders.

9.2. Indemnification. The Borrower agrees to, and shall, indemnify and hold each of the Agents and the Lenders harmless against any loss or reasonable costs or expenses (including legal fees and expenses) which any of the Agents and the Lenders sustains or incurs as a consequence of any default in payment of the principal amount of any Advance or interest accrued thereon or any other amount payable hereunder or under the Notes including, but not limited to, all actual losses incurred in liquidating or re-employing fixed deposits made by third parties or funds acquired to effect or maintain the Credit Facility or any part thereof and any costs incurred by any of the Agents and the Lenders in connection with the unwinding of any interest rate swap or other hedging arrangements. The Borrower also agrees to reimburse and indemnify the Letter of Credit Issuer for and against any and all losses, costs or expenses of whatever nature which may be incurred by the Letter of Credit Issuer in performing its respective duties in any way relating to or arising out of its issuance of Letters of Credit; provided that the Borrower shall not be liable for the portion of such losses, costs or expenses resulting from the Letter of Credit Issuer's gross negligence or willful misconduct. To the extent the Letter of Credit Issuer is not so indemnified by the Borrower, the Letter of Credit Participants will reimburse and indemnify the Letter of Credit Issuer in proportion to its Letter of Credit Participant Percentage, provided that the Letter of Credit Participants shall not be liable for the portion of such losses,

costs or expenses resulting from the Letter of Credit Issuer's gross negligence or willful misconduct. An Agent or Lender's certification of such loss, costs and expenses absent any manifest error, shall be conclusive and binding on the Borrower.

9.3. Application of Moneys. All moneys received by any of the Lenders under or pursuant to this Agreement or the Notes after the happening of any Event of Default shall be applied by the Facility Agent in the following manner:

- (i) first, in or towards the payment or reimbursement of any expenses or liabilities incurred by the Agents and the Lenders in connection with the ascertainment, protection or enforcement of the Agents and the Lenders' rights and remedies hereunder and under the Notes,
- (ii) secondly, in or towards payment of any interest and fees owing in respect of the Advances,
- (iii) thirdly, in or towards repayment of the Advances,
- (iv) fourthly, as security in respect of Letters of Credit then outstanding, in the aggregate amount of the then Letter of Credit Outstandings,
- (v) fifthly, in or towards payment of all other sums which may be owing to the Agents and the Lenders under this Agreement or under the Notes, and
- (vi) sixthly, after all Letters of Credit have expired or are terminated, the surplus (if any), as well as any moneys held as security for Letters of Credit to the extent not utilized to cover Letters of Credit, shall be paid to the Borrower or to whomsoever else may be entitled thereto.

SECTION 10. COVENANTS

10.1. Covenants. The Borrower hereby covenants and undertakes with the Agents and the Lenders that, from the date hereof and so long as (x) any commitments to advance credit hereunder remain in effect or (y) any principal, interest or other moneys are owing in respect of the Credit Facility or otherwise owing under this Agreement or under the Notes:

- (a) The Borrower will:
 - (i) Know Your Client Confirmation. Upon the Facility Agent's request, promptly supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Facility Agent in order for each Lender to carry out and be satisfied with the results of all necessary "know your client" or other checks which it is required to carry out in relation to the transactions contemplated by this Agreement and the Notes and to the identity of any parties to this Agreement or the Notes (other than the Lenders) and their directors and officers;
 - (ii) Performance of Agreements. Duly perform and observe the terms of this Agreement and the Notes;
 - (iii) Compliance with Covenants. Comply with each of its covenants set forth in this Agreement;
 - (iv) Notice of Default. Promptly inform the Facility Agent of the occurrence of (a) any Event of Default or of any event which with the giving of notice or

lapse of time, or both, would constitute an Event of Default, (b) any litigation or governmental proceeding pending or overtly threatened against it or against any of the Subsidiaries which could reasonably be expected to give rise to a Material Adverse Change and (c) any other event or condition of which it becomes aware which is reasonably likely to give rise to a Material Adverse Change;

(v) Obtain Consents. Without prejudice to Section 2.1 and this Section 10.1, obtain every consent and do all other acts and things which may from time to time be necessary or advisable for the continued due performance of all its obligations under this Agreement and under the Notes;

(vi) Financial Statements and Other Information. Deliver to the Facility Agent (in sufficient number of copies to provide one to each Lender):

- (a) as soon as available but not later than ninety (90) days after the end of each fiscal year of the Borrower, a complete copy of the 10K report (or equivalent) of the Borrower filed with the United States Securities and Exchange Commission (including audited annual consolidated financial statements of the Borrower, in each case setting forth

comparative consolidated figures for the preceding fiscal year, together with a report thereon by an Acceptable Accounting Firm whose opinion shall not be qualified as to the scope of audit and as to the status of the Borrower and its subsidiaries as a going concern), which shall be prepared by the Borrower and certified by the chief financial officer of the Borrower, together with a Compliance Certificate from such chief financial officer;

(b) as soon as available but not later than sixty (60) days after the end of each quarter of each fiscal year of the Borrower, a copy of the 10Q report (or equivalent) of the Borrower filed with the United States Securities and Exchange Commission which shall be prepared by the Borrower and certified by the chief financial officer of the Borrower, together, in each instance, with a Compliance Certificate from such chief financial officer;

(c) within ten (10) days of filing, notice of the filing of all 8K reports (or equivalent) filed by the Borrower with the United States Securities and Exchange Commission (or any similar governmental authority) and deliver to the Facility Agent, promptly on its request therefor, copies of such filings;

(d) promptly upon the mailing thereof to the shareholders of the Borrower, copies of all financial statements, reports and proxy statements so mailed;

(e) within ten (10) days of filing, notice of the filing of all registration statements (other than the exhibits thereto and any registration statements on Form S-8 or its equivalent) which the Borrower shall have filed with the United States Securities and Exchange Commission (or similar governmental authority) and deliver to the Facility Agent, promptly on its request therefor, copies of such filings;

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(f) such other statement or statements, lists of property and accounts, budgets, forecasts, reports and financial information (including a listing of all outstanding indebtedness of the Borrower and the Subsidiaries for borrowed monies) with respect to the business, operations and management of the Borrower and the Subsidiaries and the employment of the assets owned or operated directly or indirectly by the Borrower or any of the Subsidiaries as the Facility Agent may from time to time reasonably request in writing and any material reports received by any thereof from their independent certified accountants; and

(g) include in each Compliance Certificate when requested by the Facility Agent from time to time a List of Liens, current as of the date of such Certificate;

(vii) Qualification to Own U.S. Flag Vessels. Throughout the Credit Period, if the Borrower or a Subsidiary owns a United States flag vessel (a) the Borrower shall remain eligible, and shall cause such Subsidiary to continue to be eligible, to document such United States flag vessel within the meaning of 46 App. U.S.C. §12102(a) and (b) if such United States flag vessel is operated in the coastwise trade, remain qualified, and cause such Subsidiary to continue to be qualified, to own and operate vessels in the coastwise trade, within the meaning of Section 2 of the Shipping Act, 1916, as amended;

(viii) Corporate Existence. Do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, as well as the corporate existence of its Subsidiaries, and all licenses, franchises, permits and assets necessary to the conduct of its business and the business of its Subsidiaries;

(ix) Books, Records, etc. Keep, and cause each of the Subsidiaries to keep, proper books of record and account into which full and correct entries shall be made, in accordance with GAAP throughout the Credit Period;

(x) Inspection. Allow any representative or representatives designated by the Facility Agent, subject to applicable laws and regulations, to visit and inspect any of its or any of the Subsidiaries' properties, and, on request, to examine its or any of the Subsidiaries' books of account, records, reports and other papers (and to make copies thereof and to take extracts therefrom) and to discuss the affairs, finances and accounts of any thereof with its officers and executive employees all at such reasonable times and as often as the Facility Agent reasonably requests;

(xi) Taxes. Pay and discharge, and cause each of the Subsidiaries to pay and discharge, all taxes, assessments and governmental charges or levies imposed upon it or upon its income or property prior to the date upon which penalties attach thereof; provided, however, that neither it nor any such Subsidiary shall be required to pay and discharge any such tax, assessment, charge or levy which are being contested in good faith and by appropriate proceedings or other acts and so long as it or such Subsidiary shall set aside on its books adequate reserves with respect thereto;

(xii) Compliance with Statutes, etc. Do, or cause to be done, all things necessary to comply with all material laws, and the rules and regulations thereunder,

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applicable to itself or to any of the Subsidiaries including, without limitation, those laws, rules and regulations relating to employee benefit plans and environmental matters;

(xiii) Environmental Matters. Promptly upon the occurrence of any of the following conditions, provide to the Facility Agent a certificate of a chief executive officer thereof, specifying in detail the nature of such condition and its proposed response or the response of its Environmental Affiliate: (a) its receipt or the receipt by any Subsidiary or any of their Environmental Affiliates of any communication whatsoever that alleges that such person is not in compliance with any applicable environmental law or environmental approval, if such noncompliance could reasonably be expected to give rise to a Material Adverse Change, (b) knowledge by it, any Subsidiary or any of their Environmental Affiliates that there exists any Environmental Claim pending or threatened against any such person, which could reasonably be expected to give rise to a Material Adverse Change, or (c) any release, emission, discharge or disposal of any material that could form the basis of any Environmental Claim against it, any Subsidiary or any of their Environmental Affiliates if such Environmental Claim could reasonably be expected to give rise to a Material Adverse Change. Upon the written request by the Facility Agent, it will submit to the Facility Agent at reasonable intervals, a report providing an update of the status of any issue or claim identified in any notice or certificate required pursuant to this subsection;

(xiv) Evidence of Insurance. Shall, and shall procure that each of the Subsidiaries shall, maintain the insurances on its properties described in Sections 2.1(g) and (k), with underwriters, brokers and protection and indemnity clubs acceptable to the Facility Agent, and the Borrower shall provide the Facility Agent with such documentation as the Facility Agent should reasonably require evidencing the same;

(xv) Maintenance of Assets. Maintain and keep, and cause the Subsidiaries to maintain and keep, all properties used or useful in the conduct of their business in good condition, repair and working order and supplied with all necessary equipment and will make, or cause to be made, all necessary repairs, renewals and replacements thereof so that the business carried on in connection therewith and every portion thereof may be properly and advantageously conducted at all times;

(xvi) Funded Debt/Total Capitalization. Procure that, on a consolidated basis, the Funded Debt of the Borrower shall not exceed fifty percent (50%) of its Total Capitalization;

(xvii) Secured Debt/Total Capitalization. Procure that, on a consolidated basis, the Secured Debt of the Borrower shall not exceed twenty-five percent (25%) of its Total Capitalization;

(xviii) Interest Coverage Ratio. Maintain, on a consolidated basis, an Interest Coverage Ratio of not less than 3.0 to 1.0, determined as at the end of each fiscal quarter;

(xix) ERISA Matters. Forthwith upon learning of the occurrence of any material liability of the Borrower, any of the Subsidiaries or any ERISA Affiliate pursuant to ERISA in connection with the termination of any Plan or withdrawal or

partial withdrawal from any multiemployer plan (as defined in ERISA) or of a failure to certify the minimum funding standard of Section 412 of the Code or Part 3 of Title I of ERISA by any Plan for which the Borrower, any of the Subsidiaries or any ERISA Affiliate is plan administrator (as defined in ERISA), furnish or cause to be furnished to the Facility Agent written notice thereof;

(xx) End of Fiscal Year. Cause, for financial reporting purposes, (a) each of its fiscal years to end on December 31 of each year and (b) each of its fiscal quarters to end on March 31, June 30, September 30 and December 31.

(b) The Borrower will not, without the prior written consent of the Lenders:

(i) Liens. Create, assume or permit to exist, or permit any of its Subsidiaries to create, assume or permit to exist, any Lien, upon any of the properties or other assets of any thereof, except:

(a) liens for taxes not yet payable for which adequate reserves have been maintained;

(b) pledges or deposits to secure obligations under workmen's compensation laws or similar legislation, deposits to secure public or statutory obligations, warehousemen's or other like liens, or deposits to obtain the release of such liens and deposits to secure surety, appeal or customs bonds on which it or any Subsidiary is the principal, as to all of the foregoing, only to the extent arising and continuing in the ordinary course of business;

(c) liens, charges and other encumbrances over such property or other assets (other than Vessels) of the Borrower or any of the Vessel Owning/Operating Subsidiaries, unless otherwise prohibited by Section 10.1(b)(xii);

(d) with respect to Vessels, liens for crew's wages remaining unpaid in accordance with reasonable commercial practices or for collision or salvage, liens in favor of suppliers of necessities or other similar liens arising in the ordinary course of the vessel-owning company's business so long as the suppliers thereof have not evidenced an intention to enforce any such lien or liens for loss, damage or expense, which are fully covered by insurance or, in respect of which, a bond or other security has been posted by the company owning such Vessel with the appropriate court or other tribunal to prevent the arrest or secure the release of any vessel from arrest on account of such claim or lien; and

(e) liens securing Secured Debt existing on the date of this Agreement as set forth on Schedule C and Liens on Vessels and Helicopters owned by the Borrower or its Subsidiaries or the earnings of, insurances covering or

requisition compensation in respect of such Vessels and Helicopters, provided that the net book value of such Vessels and Helicopters does not exceed thirty percent (30%) of the net book value of all Vessels and Helicopters owned by the Borrower and its Subsidiaries, unless (i) in connection with the acquisition of additional Vessels or Helicopters whether through a corporate acquisition or otherwise, the Vessels or Helicopters being so acquired (or their earnings, insurances or requisition

compensation) are pledged as security for existing financing arrangements and are acquired subject to those arrangements, and (ii) after giving effect to such acquisition the aggregate of the net book value of the Vessels and Helicopters pledged prior to such acquisition together with the net book value of the Vessels and Helicopters so acquired exceeds thirty percent (30%) of the net book value of all Vessels and Helicopters owned by the Borrower and its Subsidiaries after giving effect to the acquisition, then the net book value of such additional vessels or helicopters so pledged shall be excluded in determining compliance with this covenant until the earlier of (x) the date such additional vessels or helicopters and any assignment, pledge or encumbrance on their earnings, insurance or requisition compensation are released and (y) one (1) year following the date of acquisition;

(ii) Sale of Assets. Cease, or threaten to cease, its operations or viewed on a consolidated basis with its Subsidiaries, sell or otherwise dispose of, or threaten to sell or otherwise dispose of, all or substantially all of the assets thereof, or all or substantially all of such assets are seized or otherwise appropriated except for requisition for hire;

(iii) Dividends. Declare or make any distributions to its shareholders, by dividend or otherwise, or otherwise dispose of any assets to its shareholders in cash or in any other manner unless the Borrower and the Subsidiaries are in full compliance with the covenants contained in this Agreement and no Event of Default has occurred and is continuing or will occur after giving effect to any declaration or distributions to shareholders;

(iv) Limitations on Ability to Make Distributions. Create or otherwise cause to permit to exist or become effective any consensual encumbrance or restriction on the ability of any Subsidiary (other than those restrictions contained in (x) the Seabulk Notes, (y) any Subsidiary Funded Debt of New Subsidiaries or an Acquisition Subsidiary, if any, incurred or assumed in connection with an acquisition of New Subsidiaries or (z) Title XI Debt) to (a) pay dividends or make any other distributions on its capital stock or limited liability company interests, as the case may be, to the Borrower or any Subsidiary or pay any Indebtedness owed to the Borrower, (b) make any loans or advances to the Borrower, or (c) transfer any of its property or assets to the Borrower other than any such encumbrance or restriction agreed to by (i) any Vessel Owning/Operating Subsidiary incurring Title XI Debt or Secured Debt permitted hereunder to the extent such Secured Debt is incurred in connection with the acquisition or refinancing of its Vessels or Helicopters or (ii) any Subsidiary party to any Joint Venture in respect of a restriction referred to in sub-clause (c) above or (iii) any Subsidiary party to any Joint Venture to the extent such Joint Venture incurs Indebtedness, but only to the extent the parties to such Joint Venture are required to agree to any such restrictions;

(v) Changes in Business. Change or permit any of the Subsidiaries to change, the nature of its business or commence any other business not reasonably related to the maritime services, environmental services, energy services, aviation services or related businesses;

(vi) Consolidation, Merger. Consolidate with, or merge into, or agree to merge or become consolidated with, or merge into any corporation (it being

understood that the Borrower can merge into, or agree to merge or become consolidated with any corporation so long as the Borrower is the surviving entity, any Subsidiary can merge into, or agree to merge or consolidate with any other Subsidiary and any Subsidiary can merge into, or agree to merge or become consolidated with the Borrower);

(vii) Use of Proceeds. Use the proceeds of the Credit Facility in violation of Regulation G, T, U or X of the Board of Governors of the Federal Reserve System, as in effect from time to time;

(viii) Redemption/Repurchase of Securities. Redeem or repurchase any of its outstanding convertible subordinated bonds or any class of its capital stock now or hereafter outstanding, unless after giving effect to any such redemption or repurchase it is in compliance with its covenants hereunder and no Event of Default shall have occurred and be continuing and notification of any such redemption or repurchase shall be included in the next quarterly Compliance Certificate delivered to the Agent;

(ix) No Money Laundering. In connection with this Agreement, contravene any law, official requirement or other regulatory measure or procedure implemented to combat "money laundering" (as defined in Article 1 of the Directive (91/308/EEC) of the Council of European Communities);

(x) Limitation on Investments in Joint Ventures. Make, and will not permit any Subsidiary to make, any Investment in any Joint Venture except, in the absence of an Event of Default, the Borrower and any Subsidiary may make any

Investment in any Joint Venture on any date, if, immediately after giving effect to such Investment, the aggregate book value of all Investments made by the Borrower and its Subsidiaries would not exceed thirty percent (30%) of the Borrower's Total Capitalization based on the most recent financial statements of the Borrower required to be provided pursuant to Section 10.1(a)(v); provided however that at the time of such Investment and immediately after giving effect thereto the Borrower shall be in compliance with Sections 10.1(a) (xvi), (xvii) and (xviii); and provided further, that there shall be excluded from the computation of "Investments" hereunder any investment in securities of any type which are, at the time of the determination being made hereunder, fully listed and registered on (a) an exchange registered with the Securities and Exchange Commission as a national securities exchange or (b) an equivalent recognized national securities exchanges in any of the member countries of the European Union, Mexico, Japan, Norway or Singapore or such other national securities exchange approved by the Majority Banks;

(xi) Limitation on Indebtedness. Incur, and shall procure that the Subsidiaries will not incur, any Indebtedness, except:

- (a) Indebtedness under this Agreement;
- (b) Existing Indebtedness as set forth in Schedule D attached hereto, and the renewals of such Indebtedness as long as there is no resulting increase in Indebtedness;
- (c) Indebtedness under interest rate, foreign exchange or derivatives transactions entered into in the ordinary course of business;

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(d) Indebtedness under performance guarantees and standby letters of credit entered into in the ordinary course of business; and

(e) Indebtedness of the Borrower and the Subsidiaries that may be incurred so long as immediately after giving effect to the incurrence of such Indebtedness the Borrower shall be in compliance with Sections 10.1(a)(xvi), (xvii) and (xviii); provided that the aggregate of Subsidiary Funded Debt of each of the Subsidiaries, when added together, shall not exceed thirty percent (30%) of the Total Capitalization of the Borrower on a consolidated basis; provided, further, that when aggregating any Subsidiary Funded Debt where more than one Subsidiary is liable in respect thereof, the aggregate of such Subsidiary Funded Debt shall not exceed the lesser of (A) two times the amount of the outstanding Underlying Subsidiary Funded Debt and (B) the aggregate of the Underlying Subsidiary Funded Debt and the book value of each of the Other Subsidiaries (excluding in the case of each of the other Subsidiaries which is not a Wholly-Owned Subsidiary, that portion of the book value of such Other Subsidiary which represents the minority interest holders' share of such book value); and provided further that when aggregating any Subsidiary Funded Debt (i) Subsidiary Funded Debt outstanding on the date hereof, and any refinancing thereof with the same Subsidiaries, shall be counted only once, (ii) any Subsidiary Funded Debt of New Subsidiaries and an Acquisition Subsidiary, if any, incurred or assumed in connection with an acquisition of New Subsidiaries shall be counted only once (including any refinancing thereof with the same Subsidiaries), (iii) any Subsidiary Funded Debt incurred or assumed by one or more Subsidiaries as a result of the acquisition (including new construction) of additional vessels or helicopters or other assets by such Subsidiaries where such Subsidiaries' Funded Debt is cross-collateralized shall be counted only once in respect of such Subsidiaries and (iv) any Subsidiary Funded Debt as to which a Subsidiary is not actually liable shall not be included; and

(xii) Negative Pledge. Sell, encumber or otherwise transfer, or permit any Subsidiary to sell, encumber or otherwise transfer, any of its Vessels, Helicopters or any of the right, title or interest of any thereof therein, assign, pledge or otherwise encumber any earnings of, insurances covering or requisition compensation in respect of, any of its Vessels, Helicopters or sell, assign, pledge or otherwise transfer or encumber any of the shares of stock of any of the Subsidiaries directly or indirectly legally or beneficially owned by the Borrower, unless after giving effect to any such sale, assignment, pledge, transfer or other encumbrance, the Borrower is in compliance with Section 10.1(a)(xvii) and its other covenants and no Event of Default shall have occurred and be continuing.

SECTION 11. ASSIGNMENT AND PARTICIPATIONS

This Agreement shall be binding upon, and inure to the benefit of, the Borrower, each of the Agents and the Lenders and their respective successors and assigns, except that the Borrower may not assign any of its rights or obligations hereunder without the prior written consent of the Lenders. In giving any consent as aforesaid to any assignment by the Borrower, the Lenders shall be entitled to impose such conditions as they shall deem advisable. Any Lender shall be entitled to assign the whole or any part of its rights or obligations under this

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Agreement or grant participation(s) in the Credit Facility to any subsidiary or holding company of such Lender, to any subsidiary company of any thereof or, in the absence of an Event of Default, with the consent of the Borrower and the Facility Agent (in each case

not to be unreasonably withheld) to any other bank or financial institution regularly engaged in commercial lending and such Lender shall forthwith give notice of any such assignment or participation to the Facility Agent and the Borrower, provided, however, that any such assignment or participation shall be in a minimum amount of Ten Million Dollars (\$10,000,000), (a) any such assignment to a Lender is to be made pursuant to an Assignment and Assumption Agreement substantially in the form of Exhibit 5 hereto, and (b) except as provided in Sections 14.3, no such assignment or participation will result in any additional costs to, or additional material requirements on, the Borrower. The Borrower will take all reasonable actions requested by the Lenders to effect such assignment, including, without limitation, the execution of a written consent to such Assignment and Assumption Agreement. Anything contained in this Section 11 to the contrary notwithstanding, any Lender may at any time pledge all or any portion of its interest and rights under this Agreement (including all or any portion of any Notes) to any of the twelve Federal Reserve Banks organized under §4 of the Federal Reserve Act, 12 U.S.C. §341. No such pledge or the enforcement thereof shall release the pledgor Lender from its obligations hereunder.

SECTION 12. ILLEGALITY, INCREASED COST, NON-AVAILABILITY, ETC.

12.1. Illegality. In the event that by reason of any change in any applicable law, regulation or regulatory requirement or in the interpretation thereof a Lender has a reasonable basis to conclude that it has become unlawful for such Lender to maintain or give effect to its obligations as contemplated by this Agreement, the Lender shall inform the Borrower and the Facility Agent to that effect, whereafter the liability of such Lender to make its Commitment available shall forthwith cease and the Borrower shall be required either to prepay to such Lender any portion of the then outstanding Advances owing to such Lender immediately or, if such Lender so agrees, to prepay such portion of the outstanding Advances to such Lender on the last day of the then current Interest Period or Periods, in accordance with and subject to the provisions of Section 12.6 and to pay to the Facility Agent sufficient amounts of cash to fund any possible drawings under Letters of Credit then in existence, such amounts to be repaid to the Borrower to the extent not utilized to cover Letter of Credit drawings. In any such event, but without prejudice to the aforesaid obligations of the Borrower to prepay the outstanding Advances or part thereof and fund any possible drawings under Letters of Credit then in existence, the Borrower and such Lender shall negotiate in good faith with a view to agreeing on terms for making the Commitment available from another jurisdiction or otherwise restructuring the Commitment on a basis which is not unlawful.

12.2. Increased Cost. If any change in applicable law, regulation or regulatory requirement or in the interpretation or application thereof by any governmental or other authority, shall:

- (i) subject a Lender to any Taxes with respect to its income from the Credit Facility or any part thereof,
- or
- (ii) change the basis of taxation to a Lender of payments of principal or interest or any other payment due or to become due pursuant to this Agreement (other than a change in the basis effected by the jurisdiction of incorporation of such Lender or

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the domicile of the Lender's office through which the Lender's Commitment is made or any governmental subdivision or other taxing authority having jurisdiction over such Lender (unless such jurisdiction is asserted solely by reason of the activities of the Borrower or any of the Subsidiaries) or such other jurisdiction where the Credit Facility may be payable), or

- (iii) impose, modify or deem applicable any reserve requirements or require the making of any special deposits against or in respect of any assets or liabilities of, deposits with or for the account of, or loans by, any Lender, or
- (iv) impose on any Lender any other condition affecting the Commitment or any portion of any Advance thereunder, and the result of the foregoing is either to increase the cost to such Lender of making available or maintaining its Commitment or to reduce the amount of any payment received by such Lender

then and in any such case if such increase or reduction in the opinion of such Lender materially affects the interests of such Lender under or in connection with this Agreement:

- (a) such Lender shall notify the Borrower and the Facility Agent of the happening of such event,
- (b) the Borrower agrees forthwith upon demand to pay to such Lender such amount as such Lender certifies to be necessary to compensate such Lender for such additional cost or such reduction, and
- (c) any such demand as is referred to in sub-section (b) of this Section 12.2 may be made by such Lender at any time before or after any repayment of the Advances.

12.3. Replacement of Lender or Participant. If the obligation of any Lender to make its pro rata share of any Advance has been suspended or terminated pursuant to Section 11, or if any Lender shall notify the Borrower of the happening of any event leading to increased costs as described in Section 12.2, the Borrower shall have the right, upon twenty (20) Banking Days' prior written notice to such Lender, to cause one or more banks (a "Replacement Lender (s)") (which may be one or more of the Lender), each such Replacement Lender to be satisfactory to the Majority Lenders (determined for this purpose as if such transferor Lender had no Commitment and held no interest in the Note issued to it hereunder) and, in each case, with the written acknowledgment of the Facility Agent, to purchase such Lender's pro rata share of the Advances and assume the Commitment of such Lender pursuant to an Assignment and Assumption Agreement. If one or more such banks are identified by the Borrower and approved as being reasonably satisfactory to the Majority Lenders (determined as provided above), the transferor Lender shall consent to such sale and assumption by executing and delivering an

Assignment and Assumption Agreement. Upon execution and delivery of an Assignment and Assumption Agreement by the Borrower, the transferor Lender, the Replacement Lender and the Facility Agent, and payment by the Replacement Lender to the transferor Lender of an amount equal to the purchase price agreed between such transferor Lender and such Replacement Lender, such Replacement Lender shall become a Lender party to this Agreement (if it is not already a party hereto as applicable) and shall have all the rights and obligations of a Lender with a Commitment (which, if such Replacement Lender is already a party hereto, shall take into

account such Replacement Lender's then existing Commitment hereunder) as set forth in such Assignment and Assumption Agreement and the transferor Lender shall be released from its obligations hereunder and no further consent or action by any other Person shall be required. In the event no Replacement Lender is found or is satisfactory to the Majority Lenders, the Borrower shall have the right to request a permanent reduction of the Committed Amount by reducing the whole of such Lender's commitment, provided that (a) the Facility Agent and the Lender's whose Commitment the Borrower seeks to reduce receive ten (10) Banking Days prior written notice of such request and (b) such reduction occurs on the last day of the applicable Interest Period(s) for Advances (or portions thereof) outstanding under this Agreement. Upon such reduction, the reduced Lender shall be released from its obligations hereunder and no further action by any Person shall be required and the new participation percentages (as designated in Schedule A hereto) shall be assigned to the remaining Lenders on a pro rata basis based on their respective Commitments. In the event that the Facility Agent, in its capacity as a Lender, is required to sell its pro rata share of the Advances and its Commitment hereunder pursuant to this Section 12.3, the Facility Agent shall, promptly upon the consummation of any assignment pursuant to this Section 12.3, resign as Facility Agent hereunder and the Borrower shall (subject to the consent of the Majority Lenders) have the right to appoint another Agent as successor Facility Agent, all in accordance with Section 16.12.

12.4. Non-availability of Funds. If the Facility Agent shall determine that, by reason of circumstances affecting the London Interbank Market generally, adequate and reasonable means do not or will not exist for ascertaining the Applicable Rate for any Interest Period, the Facility Agent shall give notice of such determination to the Borrower. The Borrower and the Lenders shall then negotiate in good faith in order to agree upon a mutually agreeable basis for funding the Advance or Advances in question, and/or for determining the interest rate and/or Interest Period(s) to be substituted for those which would otherwise have applied under this Agreement. If the Borrower and the Lenders are unable to agree upon such a substituted funding base, interest rate and/or Interest Period(s) within thirty (30) days of the giving of such notice, the Borrower shall repay the Credit Facility, or the relevant portion thereof, as the case may be, to the Lenders immediately; provided, however, that if the Borrower fails to make such repayment, the Lenders shall determine a funding basis, set an interest rate and/or set an Interest Period(s), as the case may be, all to take effect from the expiration of the relevant Interest Period(s) in effect at the date of said determination notice, which rate shall be equal to the aggregate of the Margin and the cost to the Lenders of funding the relevant Advance or Advances.

12.5. Determination of Losses. A certificate or determination notice of the Agents and the Lenders as to any of the matters referred to in this Section 12, absent manifest error, shall be conclusive and binding on the Borrower.

12.6. Compensation for Losses. Where the Advances are to be prepaid by the Borrower pursuant to Section 12.1 the Borrower agrees simultaneously with such prepayment to pay to the relevant Lender all accrued interest to the date of actual payment and all other sums payable by the Borrower to such Lender pursuant to this Agreement, together with such amounts as may be certified by such Lender to be necessary to compensate such Lender for any actual loss, premium or penalties incurred or to be incurred by it on account of funds borrowed to make, fund or maintain its Commitment for the remainder (if any) of the then current Interest Period or Periods, if any, but otherwise without penalty or premium.

SECTION 13. CURRENCY INDEMNITY

13.1. Currency Conversion. If for the purpose of obtaining or enforcing a judgment in any court in any country it becomes necessary to convert into any other currency (the "judgment currency") an amount due in Dollars or a particular Foreign Currency, as the case may be, under this Agreement or under the Notes, then the conversion shall be made, in the discretion of the Facility Agent, at the rate of exchange prevailing either on the date of default or on the day before the day on which the judgment is given or the order for enforcement is made, as the case may be (the "conversion date"), provided that the Facility Agent shall not be entitled to recover under this section any amount in the judgment currency which exceeds at the conversion date the amount in Dollars or the relevant Foreign Currency, as the case may be, due under this Agreement and/or under the Notes.

13.2. Change in Exchange Rate. If there is a change in the rate of exchange prevailing between the conversion date and the date of actual payment of the amount due, the Borrower shall pay such additional amounts (if any, but in any event not a lesser amount) as may be necessary to ensure that the amount paid in the judgment currency when converted at the rate of exchange prevailing on the date of payment will produce the amount then due under this Agreement and/or under the Notes in Dollars or the relevant Foreign Currency; any excess over the amount due received or collected by the Lenders shall be remitted to the Borrower.

13.3. Additional Debt Due. Any amount due from the Borrower under Section 13.2 shall be due as a separate debt and shall not be affected by judgment being obtained for any other sums due under or in respect of this Agreement and/or under or in respect of the Notes.

13.4. Rate of Exchange. The term “rate of exchange” in this Section 13 means the rate at which the Facility Agent in accordance with its normal practices is able on the relevant date to purchase Dollars or the relevant Foreign Currency with the judgment currency and includes any premium and costs of exchange payable in connection with such purchase.

SECTION 14. FEES AND EXPENSES

14.1. Commitment Fee. (a) The Borrower shall pay to the Facility Agent, for distribution to the Lenders, a commitment fee in Dollars, payable quarterly in arrears, computed at the Commitment Fee Rates on the average unfunded portion of the Committed Amount (valued in Dollars) during such quarter. The commitment fee shall accrue from the date hereof and shall terminate on the Termination Date. Said fee shall be payable quarterly in arrears at the end of each calendar quarter. Such commitment fee shall be calculated on the basis of actual days elapsed over a 360 day year.

14.2. Letter of Credit and Facing Fees and Related Charges. In addition, the Borrower shall pay to the Facility Agent, for distribution to the Lenders, a fee in Dollars in respect of each Letter of Credit (the “Letter of Credit Fee”) computed at a rate *per annum* equal to the Applicable Margin in effect from time to time on the daily Stated Amount of such Letter of Credit as reduced by any drawings thereunder. The Borrower further agrees to pay to each Letter of Credit Issuer, commencing at such time, a fee in Dollars in respect of each Letter of Credit (the “Facing Fee”) computed at a rate *per annum* equal to one-eighth of one percent (1/8%) on the daily Stated Amount of such Letter of Credit as reduced by any drawings thereunder. Accrued Letter of Credit Fees and Facing Fees shall be calculated on the basis of

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actual days elapsed over a 360 day year and shall be due and payable quarterly in arrears on the first day of November, February, May and August of each year the Credit Facility remains outstanding and on the Termination Date. The Borrower also agrees to pay to the Letter of Credit Issuer all customary issuing and handling fees of the Letter of Credit Issuer in connection with its issuance of Letters of Credit.

14.3. Administrative Fee. The Borrower shall pay to the Facility Agent, for its own account, such fees as shall have been agreed in accordance with the letter agreement dated August 24, 2006 between the Borrower and the Facility Agent.

14.4. Costs, Charges and Expenses. The Borrower agrees to pay the Agents and the Lenders upon demand (whether or not the Credit Facility or any part thereof is made available hereunder) all reasonable costs, charges and expenses (including legal fees and expenses, as well as travel expenses of the Agents and the Lenders) incurred by the Facility Agent in connection with the negotiation, preparation, syndication, execution and enforcement or attempted enforcement of this Agreement, the Notes or otherwise in connection with the Credit Facility, as well as in connection with any supplements, amendments, assignments, waivers or consents relating thereto.

14.5. Indemnification. Neither any Agent nor any Lender nor any director, officer, agent or employee of any thereof shall be liable to the Borrower for any action taken or not taken by it in connection herewith in the absence of its own gross negligence or willful misconduct. The Borrower hereby agrees to indemnify each of the Agents and the Lenders, their respective Affiliates and the respective directors, officers, agents and employees of the foregoing (each an “Indemnitee”) and hold each Indemnitee harmless from and against any and all liabilities, losses, damages, costs and expenses of any kind, including, without limitation, the reasonable fees and disbursements of counsel, which may be imposed on, incurred by or asserted against, any Indemnitee in any way relating to or arising out of this Agreement and the Notes or any action taken or omitted by any Indemnitee hereunder or thereunder provided that (i) no Indemnitee shall have the right to be indemnified hereunder for such Indemnitee’s own gross negligence or willful misconduct and (ii) to the extent permitted by law, the Indemnitee shall provide the Borrower with prompt notice, but not later than sixty (60) days after it becomes aware, of any claim giving rise to any such indemnified liability.

SECTION 15. APPLICABLE LAW, JURISDICTION AND WAIVER

15.1. Applicable Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

15.2. Jurisdiction. The Borrower hereby irrevocably submits to the jurisdiction of the courts of the State of New York and of the United States District Court for the Southern District of New York in any action or proceeding brought against it by the Agents and the Lenders under this Agreement or under any document delivered hereunder and the Borrower hereby irrevocably appoints SEACOR Management Services Inc. with an office at 2200 Eller Drive, Fort Lauderdale, Florida 33316, its attorney-in-fact and agent for service of summons or other legal process thereon, which service may be made by serving a copy of any summons or other legal process in any such action or proceeding on such agent and such agent is hereby authorized and directed to accept by and on behalf of the Borrower service of summons and other legal process of any such action or proceeding against the Borrower. The service, as herein provided, of such

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summons or other legal process in any such action or proceeding shall be deemed personal service and accepted by the Borrower as such, and shall be legal and binding upon the Borrower for all the purposes of any such action or proceeding. Final judgment (a certified or exemplified copy of which shall be conclusive evidence of the fact and of the amount of any indebtedness of a Borrower to any Agent or Lender) against the Borrower in any such legal action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit

on the judgment. The Borrower will advise the Facility Agent promptly of any change of address of the foregoing agent or of the substitution of another agent therefor. In the event that the foregoing agent or any other agent appointed by the Borrower shall not be conveniently available for such service or if the Borrower fails to maintain an agent as provided herein, the Borrower hereby irrevocably appoints the person who then is the Secretary of State of the State of New York as such attorney-in-fact and agent. The Borrower will advise the foregoing agent of the appointment made hereby, but failure to so advise shall not affect the appointment made hereby. Notwithstanding anything herein to the contrary, the Agents and the Lenders may bring any legal action or proceeding in any other appropriate jurisdiction.

15.3. Waiver of Jury Trial. IT IS MUTUALLY AGREED BY AND AMONG THE BORROWER, AND THE AGENTS AND THE LENDERS THAT EACH OF THEM HEREBY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PARTY HERETO AGAINST ANY OTHER PARTY HERETO ON ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT OR THE NOTES.

SECTION 16. THE AGENTS

16.1. Appointment of Agents. Each of the Lenders hereby irrevocably appoints and authorizes each Agent to take such action as agent on its behalf and to exercise such powers under this Agreement and under the Notes as are delegated to such Agent by the terms hereof and thereof. Neither the Agents nor any of their respective directors, officers, employees or agents shall be liable for any action taken or omitted to be taken by it or them under this Agreement and under the Notes or in connection therewith, except for its or their own gross negligence or willful misconduct.

16.2. Distribution of Payments. Whenever any payment is received by the Facility Agent from the Borrower for the account of the Lenders, or any of them, whether of principal or interest on the Notes, commissions, commitment fees under Section 14.1, or otherwise, it will thereafter cause like funds relating to such payment to be promptly distributed ratably to the Lenders according to their respective Commitments, in each case to be applied according to the terms of this Agreement.

16.3. Holder of Interest in Notes. The Facility Agent may treat each Lender as the holder of all of the interest of such Lender in its Notes unless and until the Facility Agent has received a copy of an Assignment and Assumption Agreement evidencing the transfer of all or any part of such Lender's interest in the Credit Facility.

16.4. No Duty to Examine, Etc. The Agents shall not be under a duty to examine or pass upon the validity, effectiveness or genuineness of this Agreement, the Notes or any instrument, document or communication furnished pursuant to this Agreement or the Notes or in connection with any thereof and the Agents shall be entitled to assume that the same are valid,

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effective and genuine, have been signed or sent by the proper parties and are what they purport to be.

16.5. Agents as Lenders. With respect to that portion of the Credit Facility made available by it, each Agent shall have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not an Agent, and the term "Lender" or "Lenders" shall include the Agents in their capacity as Lenders. Each Agent and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with, the Borrower as if it were not an Agent.

16.6. Obligations of Agents. (a) The obligations of each Agent under this Agreement and under the Notes are only those expressly set forth herein and therein.

(b) No Duty to Investigate. No Agent shall at any time be under any duty to investigate whether an Event of Default, or an event which with the giving of notice or lapse of time, or both, would constitute an Event of Default, has occurred or to investigate the performance of this Agreement and the Notes by the Borrower.

(c) Reports and Notices. Promptly upon receipt thereof by the Facility Agent, the Facility Agent shall furnish each Lender with a copy of all financial reports and notices delivered to it by the Borrower hereunder.

16.7. Discretion of Agents. (a) Each Agent shall be entitled to use its discretion with respect to exercising or refraining from exercising any rights which may be vested in it by, and with respect to taking or refraining from taking any action or actions which it may be able to take under or in respect of, this Agreement and the Notes, unless such Agent shall have been instructed by the Majority Lenders to exercise such rights or to take or refrain from taking such action; provided, however, that such Agent shall not be required to take any action which exposes such Agent to personal liability or which is contrary to this Agreement or applicable law.

(b) Instructions of Majority Lenders. Each Agent shall in all cases be fully protected in acting or refraining from acting under this Agreement and under the Notes in accordance with the instructions of the Majority Lenders (or, where expressly required hereby, all the Lenders), and any action taken or failure to act pursuant to such instructions shall be binding on all of the Lenders.

16.8. Assumption re Event of Default. Except as otherwise provided in Section 16.4, the Facility Agent shall be entitled to assume that no Event of Default, or event which with the giving of notice or lapse of time, or both, would constitute an Event of Default, has occurred and is continuing, unless the Facility Agent has been notified by the Borrower of such fact or has been notified by a Lender that such Lender considers that an Event of Default or such an event (specifying in detail the nature thereof) has occurred and is continuing. In the event that the Facility Agent shall have been notified by any party in the manner set forth in the preceding sentence of any Event of Default or of an event which with the giving of notice or lapse of time, or both, would constitute an Event of Default, the

Facility Agent shall promptly notify the Lenders and shall take action and assert such rights under this Agreement or the Notes as the Majority Lenders shall request in writing.

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16.9. No Liability of Agents and the Lenders. No Agent or Lender shall be under any liability or responsibility whatsoever:

(a) to the Borrower or any other person or entity as a consequence of any failure or delay in performance by, or any breach by, any other Lender or any other person of any of its or their obligations under this Agreement or under the Notes;

(b) to any Lender or Lenders as a consequence of any failure or delay in performance by, or any breach by the Borrower of any of its obligations under this Agreement or under the Notes; or

(c) to any Lender or Lenders for any statements, representations or warranties contained in this Agreement or in the Notes or in any document or instrument delivered in connection with the transaction hereby contemplated; or for the validity, effectiveness, enforceability or sufficiency of this Agreement and the Notes or any document or instrument delivered in connection with the transactions hereby contemplated.

16.10. Indemnification of Agents. The Lenders agree to indemnify each Agent (to the extent not reimbursed by the Borrower), pro rata according to the respective amounts of their Commitments, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (including reasonable legal fees and expenses incurred in investigating claims and defending itself against such liabilities) which may be imposed on, incurred by or asserted against, such Agent in any way relating to or arising out of this Agreement and the Notes, any action taken or omitted by such Agent hereunder or thereunder or the preparation, administration, amendment or enforcement of, or waiver of any provision of, this Agreement and the Notes, except that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Agent's gross negligence or willful misconduct.

16.11. Consultation with Counsel. Each Agent may consult with legal counsel selected by such Agent and shall not be liable for any action taken, permitted or omitted by it in good faith in accordance with the advice or opinion of such counsel.

16.12. Resignation. Each Agent may resign at any time by giving sixty (60) days' written notice thereof to the Lenders and the Borrower. Upon any such resignation, the Lenders shall have the right to appoint a successor Agent. If no successor Agent shall have been so appointed by the Lenders and shall have accepted such appointment within sixty (60) days after the retiring Agent's giving notice of resignation, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent which shall be a bank or trust company of recognized standing. The appointment of any successor Agent shall (unless an Event of Default has occurred and is continuing) be subject to the prior written consent of the Borrower, such consent not to be unreasonably withheld. After any retiring Agent's resignation as Agent hereunder, the provisions of this Section 16 shall continue in effect for its benefit with respect to any actions taken or omitted by it while acting as Agent. In each case the resignation of an Agent shall not take effect unless a successor Agent has been duly appointed.

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16.13. Representations of Lenders. Each Lender represents and warrants to each other Lender and each Agent that:

(i) in making its decision to enter into this Agreement and to make its Commitment available hereunder, it has independently taken whatever steps it considers necessary to evaluate the financial condition and affairs of the Borrower, that it has made an independent credit judgment and that it has not relied upon any statement, representation or warranty by any other Lender or any Agent; and

(ii) So long as any portion of its Commitment remains outstanding, it will continue to make its own independent evaluation of the financial condition and affairs of the Borrower.

16.14. Notification of Event of Default. The Facility Agent hereby undertakes promptly to notify the Lenders, and each of the Lenders hereby undertakes promptly to notify the Facility Agent and the other Lenders, of the existence of any Event of Default which shall have occurred and be continuing of which the Facility Agent or such Lender has actual knowledge.

SECTION 17. NOTICES AND DEMANDS

17.1. Notices in Writing. Every notice or demand under this Agreement shall be in writing and may be given or made by telecopy.

17.2. Addresses for Notice. Every notice or demand shall be sent, if to the Borrower or the Facility Agent, at the address set forth below and, if to the Lenders at their address and telecopy numbers set forth in Schedule A or at such other address or telecopy numbers as such party may hereafter specify for the purpose by notice to each other party hereto.

Any notices addressed to the Borrower shall be sent as follows:

C/O SEACOR MANAGEMENT SERVICES INC.
2200 ELLEN DRIVE
FORT LAUDERDALE, FL 33316
Telecopy No.: (954) 524-9185

Attention: Richard Ryan, Chief Financial Officer

Any notices addressed to the Facility Agent shall be sent as follows:

200 PARK AVENUE, 31st Floor
NEW YORK, NEW YORK 10166-0396
Telecopy No.: (212) 681-3900

Attention: Barbara Gronquist/Kevin O'Hara

ANY NOTICE SENT BY TELECOPY SHALL BE CONFIRMED BY LETTER DISPATCHED AS SOON AS PRACTICABLE THEREAFTER.

17.3. Notices Deemed Received. Every notice or demand shall, except so far as otherwise expressly provided by this Agreement, be deemed to have been received (provided that

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it is received prior to 2 p.m. New York time; otherwise it shall be deemed to have been received on the next following Banking Day), in the case of a telecopy at the time of dispatch thereof (provided further that if the date of dispatch is not a Banking Day in the locality of the party to whom such notice or demand is sent it shall be deemed to have been received on the next following Banking Day in such locality) and, in the case of a letter, at the time of receipt thereof.

SECTION 18. MISCELLANEOUS

18.1. Time of Essence. Time is of the essence of this Agreement but no failure or delay on the part of the Agents and the Lenders to exercise any power or right under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise by the Agents and the Lenders of any power or right hereunder preclude any other or further exercise thereof or the exercise of any other power or right. The remedies provided herein are cumulative and are not exclusive of any remedies provided by law.

18.2. Unenforceable, etc.: Provisions - Effect. In case any one or more of the provisions contained in this Agreement or in the Notes would, if given effect, (i) cause such of the Borrower or any of the Subsidiaries, as the case may be, which owns United States flag vessels to cease to be a citizen of the United States within the meaning of Section 2 of the United States Shipping Act 1916, as amended, or cause a transfer of any of the Vessels registered under the laws and flag of the United States of America in violation of Section 9 of said Act or (ii) be otherwise invalid, illegal or unenforceable in any respect under any law applicable in any relevant jurisdiction, said provision shall not be enforceable against the Borrower or any of the Subsidiaries, as the case may be, but the validity, legality and enforceability of the remaining provisions herein or therein contained shall not in any way be affected or impaired thereby.

18.3. References. References herein to Sections and Schedules are to be construed as references to sections of, and schedules to, this Agreement.

18.4. Further Assurances. The Borrower agrees that if this Agreement or the Notes shall at any time be deemed by the Facility Agent for any reason insufficient in whole or in part to carry out the true intent and spirit hereof or thereof, it will execute or cause to be executed such other and further assurances and documents as in the opinion of the Facility Agent may be required in order more effectively to accomplish the purposes of this Agreement and the Notes.

18.5. Entire Agreement; Amendments. This Agreement, the Notes and the letter agreement referred to in Section 14.4 constitute the entire agreement of the parties hereto, including all parties added hereto pursuant to an Assignment and Assumption Agreement. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute one and the same instrument. Any provision of this Agreement or the Notes may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the Borrower and the Majority Lenders (and, if the rights or duties of the Facility Agent are affected thereby, by the Facility Agent); provided that no amendment or waiver shall, unless signed by all the Lenders, (i) increase or decrease the Commitment of any Lender or subject any Lender to any additional obligation other than those set forth herein, (ii) reduce the principal of or rate of interest on the Credit Facility or any fees hereunder, (iii) postpone the date fixed for any payment of principal of or interest on the Loan or any Letter of Credit reimbursement or any fees or other amounts hereunder, (iv) amend Section 11, (v) waive any condition precedent to the availability of the Credit Facility or any

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Advance thereunder, (vi) amend or modify this Section 18.5 or change the definition of "Majority Lenders" or (vii) change any provisions relating to the pro rata nature of payments to, or disbursements by, the Lenders.

18.6. Adjustments. If any Lender (a "Benefitted Lender") shall at any time receive any payment of all or any part of the Advances made by such Lender, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 9.1(i) or (k), or otherwise) in a greater proportion than any such payment to and collateral received by any other Lender in respect of such other Lender's Advances, or interest thereon, such Benefitted Lender shall purchase for cash from each of the other Lenders such portion of each such other Lender's Advances, and shall provide each of such other Lenders with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such Benefitted Lender to share the excess payment or benefits of such collateral or proceeds ratably with each of the Lenders, provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefitted Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest. The Borrower agrees that each Lender so purchasing a portion of another Lender's Advances may exercise all rights of payment (including, without limitation, rights of set-off, to the extent not prohibited by law) with respect to such portion as fully as if such Lender were the direct holder of such portion.

18.7. USA Patriot Act Notice; OFAC and Bank Secrecy Act. The Facility Agent hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56, signed into law October 26, 2001) (the "Act"), and the Facility Agent's policies and practices, the Facility Agent and each of the Lenders is required to obtain, verify and record certain information and documentation that identifies the Borrower, which information includes the name and address of the Borrower and such other information that will allow the Facility Agent and the Lenders to identify the Borrower in accordance with the Act. In addition, the Borrower shall (a) ensure that no Person who owns a controlling interest in or otherwise controls the Borrower or any subsidiary of any thereof is or shall be listed on the Specially Designated Nationals and Blocked Person List or other similar lists maintained by the Office of Foreign Assets Control ("OFAC"), the Department of the Treasury or included in any Executive Orders, (b) not use or permit the use of the proceeds of the Facility to violate any of the foreign asset control regulations of OFAC or any enabling statute or Executive Order relating thereto, and (c) comply, and cause any of its subsidiaries to comply, with all applicable Bank Secrecy Act laws and regulations, as amended.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS whereof the parties hereto have caused this Agreement to be duly executed by their duly authorized representative as of the day and year first above written.

SEACOR HOLDINGS INC., as Borrower

By /s/ DICK FAGERSTAL
Name: Dick Fagerstal
Title: Senior Vice President

DNB NOR BANK ASA, as Facility Agent, Mandated Lead Arranger, Bookrunner and Lender

NORDEA BANK NORGE ASA, GRAND CAYMAN BRANCH
as Syndication Agent, Mandated Lead Arranger, Bookrunner and
Lender

By /s/ BARBARA GRONQUIST
Name: Barbara Gronquist
Title: Senior Vice President

By /s/ ANNE ENGEN
Name: Anne Engen
Title: Vice President

By /s/ KEVIN O'HARA
Name: Kevin O'Hara
Title: Vice President

By /s/ MARTIN KAHM
Name: Martin Kahm
Title: Vice President

THE GOVERNOR AND COMPANY OF THE BANK OF
SCOTLAND as Structuring Agent, Mandated Lead Arranger and
Lender

FORTIS CAPITAL CORP., as Documentation Agent, Mandated
Lead Arranger and Lender

By /s/ RUSSELL PARKER
Name: Russell Parker
Title: Senior Director

By /s/ SVEIN ENGH
Name: Svein Engh
Title: Managing Director

By /s/ JOHN LOWE
Name: John Lowe
Title: Associate Director

By /s/ C. TOBIAS BACKER
Name: C. Tobias Backer
Title: Senior Vice President

LLOYDS TSB BANK PLC, as Lender

By /s/ DAVID SUMNER

Name: David Sumner

Title: Associate Director

By _____

Name:

Title:

THE GOVERNOR AND COMPANY OF THE BANK OF IRELAND, as Lender

By /s/ JOHN HARTIGAN

Name: John Hartigan

Title: Associate Director

By /s/ PAUL PACKARD

Name: Paul Packard

Title: Head of Maritime Industries

DEUTSCHE SCHIFFSBANK AG, as Lender

By /s/ MALTE SCHULTE-TRUX

Name: Malte Schulte-Trux

Title: Deputy General Manager

HSB NORDBANK AG, as Lender

By /s/ BERGER

Name: Berger

Title: Vice President

By /s/ TANJA LAVERER

Name: Tanja Laverer

Title: Assistant General Manager

By /s/ KAI BRAUNSDORF

Name: Kai Braunsdorf

Title: Vice President

NIBC BANK N.V., as Lender

By /s/ HANS SIMONS

Name: Hans Simons

Title: Associate Director

WHITNEY NATIONAL BANK, as Lender

By /s/ JOSH JONES

Name: Josh Jones

Title: Vice President

By /s/ HALBART VOLKER

Name: Halbart Volker

Title: Managing Director

BAYERISCHE HYPO-UND VEREINSBANK AG, as Lender

By /s/ STEPHEN SOMITSCH

Name: Stephen Somitsch

Title: Associate Department Director

By /s/ PETER ISECKE

Name: Peter Isecke

Title: Credit Analyst

SCHEDULE A
PARTICULARS OF LENDERS

<u>Name and Address</u>	<u>Commitment</u>	<u>Participation Percentage</u>
DnB NOR Bank ASA 200 Park Avenue New York, NY 10166-0396 U.S.A.	\$ 45,000,000	15.0000 %
Nordea Bank Norge ASA, Grand Cayman Branch 11 West 42 nd Street, 7 th Floor New York, NY 10036 U.S.A.	\$ 30,000,000	10.0000 %
The Governor and Company of the Bank of Scotland Pentland House 8 Lochside Avenue Edinburgh EH12 9DJ Scotland	\$ 30,000,000	10.0000 %
Fortis Capital Corp. 520 Madison Avenue, 33 rd Floor New York, NY 10022 U.S.A.	\$ 30,000,000	10.0000 %

Lloyds TSB Bank plc 10 Gresham Street London EC2V 7AE United Kingdom	\$	30,000,000	10.0000 %
The Governor and Company of the Bank of Ireland Lower Baggot Dublin 1 Ireland	\$	25,000,000	8.3333 %
Deutsche Schiffsbank AG Domshof 17 28195 Bremen Germany	\$	25,000,000	8.3333 %
HSH Nordbank AG Gerhart Hauptmann-Platz 50 D-20095 Hamburg Germany	\$	25,000,000	8.3333 %
NIBC Bank N.V. Carnegieplein 4 2517 KJ The Hague Netherlands	\$	25,000,000	8.3333 %
Whitney National Bank 228 St. Charles Street New Orleans, LA 70130-2601 U.S.A.	\$	20,000,000	6.6667 %
Bayerische Hypo-und Vereinsbank AG Alter Wall 22 20457 Hamburg Germany	\$	15,000,000	5.0000 %

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SCHEDULE B

VESSEL/HELICOPTER OWNING/OPERATING SUBSIDIARIES AND OTHER SUBSIDIARIES

(as of October 16, 2006)

SEACOR HOLDINGS INC.

SUBSIDIARIES:	INTEREST	OWNER/OPERATOR of VESSELS	OWNER/OPERATOR of HELICOPTERS
Offshore Aviation Inc.	100 %		
Era FBO LLC	100 %		
Era Helicopters, LLC ¹	66.62 %		X
Era Helicopters (Mexico) LLC	100 %		
Era Helicópteros de México S. de R.L. de C.V.	99 %		
Era Leasing LLC	100 %		
Tex-Air Helicopters, Inc.	100 %		
KFS Air Medical LLC	100 %		
Seabulk International, Inc.	100 %		
Delaware Tanker Holding I, Inc.	100 %		
Delaware Tanker Holding II, Inc.	100 %		
Delaware Tanker Holding III, Inc.	100 %		
Delaware Tanker Holding IV, Inc.	100 %		
Delaware Tanker Holding V, Inc.	100 %		
Kinsman Lines, Inc.	100 %		
Lightship Limited Partner Holdings, LLC	100 %		
Lightship Partners, LP	66.67 %		
Lightship Tankers I LLC	75 %	X	
Lightship Tankers II LLC	75 %	X	
Lightship Tankers III LLC	75 %	X	
Lightship Tankers IV LLC	75 %	X	
Lightship Tankers V LLC	75 %	X	
Lightship Tanker Holdings, LLC	100 %		
Lone Star Marine Services, Inc.	100 %		

Seabulk Asset Management LLC	100%	
Seabulk Energy Carriers, Inc.	100%	
Seabulk Energy Transport, Inc.	100%	X
Seabulk Petroleum Transport, Inc.	100%	X
Seabulk Ocean Transport, Inc.	100%	X
Seabulk General Partner LLC	100%	
Seabulk Global Carriers, Inc.	100%	
Seabulk Global Transport, Inc.	100%	X
Seabulk Overseas Transport, Inc.	100%	X
Seabulk Marine International, Inc.	100%	
Seabulk Transmarine II, Inc.	100%	
Seabulk Transport, Inc.	100%	
Seabulk Tankers, Ltd.	80%	
Seabulk America Partnership, Ltd.	82%	
Seabulk Transmarine Partnership, Ltd.	42%	X

Seabulk Transmarine Partnership, Ltd.	25%	X
Seabulk Offshore, Ltd.	99%	X
Seabulk Arizona USA, Inc.	100%	X
Seabulk Transmarine Partnership, Ltd.	33%	X
Seabulk Marine Services, Inc.	100%	
Seabulk Offshore Holdings, Inc.	100%	X
Seabulk Freedom, Inc.	100%	
Seabulk Tims I, Inc.	100%	X
Seabulk Offshore Operators, Inc.	100%	
Seabulk Offshore International, Inc.	100%	
Seabulk Offshore Abu Dhabi, Inc.	100%	
Seabulk Offshore Dubai, Inc.	100%	
Seabulk Offshore Dubai, LLC	49%	
Seabulk Offshore Operators, Inc.	100%	
Maranta S.A.	100%	
Seabulk Offshore Marine Management, Inc.	100%	
Seabulk Offshore Operators Nigeria Limited	100%	
Seabulk Offshore Operators Trinidad Limited	100%	
Seabulk Offshore S.A.	100%	
Seabulk Offshore U.K. Ltd.	100%	
Seabulk Offshore Venture Holdings Inc.	100%	
Seabulk Africa, Inc.	100%	
Seabulk Angola Holdings, Inc.	100%	
Seabulk Offshore de Angola, Lda.	50%	
Seabulk Command, Inc.	100%	
Seabulk Offshore do Brasil Ltda.	50%	X
Seabulk Congo, Inc.	100%	
Seabulk E.G. Holdings, Inc.	100%	
Seabulk Offshore Equatorial Guinea, S.L.	100%	
Seabulk Eagle II, Inc.	100%	
Seabulk Offshore do Brasil Ltda.	50%	X
Seabulk Heron, Inc.	100%	
Seabulk Jasper, Inc.	100%	
Seabulk Lincoln, Inc.	100%	
Seabulk Mallard, Inc.	100%	
Seabulk Master, Inc.	100%	
Seabulk Nyon, Inc.	100%	
Seabulk South Atlantic, Inc.	100%	X
Seabulk Swift, Inc.	100%	
Seabulk Offshore Vessel Holdings Inc.	100%	X
Seabulk Operators, Inc.	100%	
Seabulk Partners LP	98%	

Seabulk Tankers, Inc.	100%	
Seabulk Towing, Inc.	100%	X
Masquerade II, Inc.	100%	X
Seabulk Towing Services, Inc.	100%	X
SEACOR Acadian Companies Inc.	100%	
Galaxie Offshore L.L.C.	100%	X

Gilbert Cheramie Boats L.L.C.	100%	
Graham Offshore LLC	100%	X
Graham Offshore Barges LLC	100%	
McCall's Boat Rentals L.L.C.	100%	X
McCall's Boat Rentals Barges LLC	100%	
SEACOR International Chartering Inc.	100%	X
SEACOR Marine LLC	100%	X
SEACOR Marine (Europe) B.V.	100%	
SEACOR Vision LLC	100%	X
SEACOR Vision Barges LLC	100%	
SEACOR Marine International LLC	100%	X
SEACOR Marine International Barges LLC	100%	
SEACOR Marine (Nigeria) L.L.C.	100%	X
SEACOR Offshore LLC	100%	X
SEACOR Offshore Barges LLC	100%	
CapSea Holdings LLC	%	
SEACOR Tankers LLC	100%	
SEACOR Bulk Carriers Inc.	100%	
SEACOR Capital Corporation	100%	
F2B Investments Inc.	100%	
SEACAP Leasing Associates LLC	100%	X
Arctic Leasing LLC	100%	
SEACAP Leasing Associates II LLC	100%	
SEACAP Leasing Associates III LLC	100%	
SEACAP Leasing Associates IV LLC	100%	
SEACAP Leasing Associates V LLC	100%	
SEACOR Capital (Singapore) Pte. Ltd.	100%	
SEACOR Capital (UK) Ltd.	100%	
Boston Putford Offshore Safety Ltd.	100%	X
Putford Ltd.	100%	
Southern Crewing Services Ltd.	100%	
Warbler Shipping Ltd.	100%	
West Coast Standby Ltd.	50%	
SEACOR Capital Two Ltd.	100%	
SEACOR Communications Inc.	100%	
SEACOR Environmental Services Inc.	100%	
International Response Corporation	100%	

Seacor Environmental Services (Middle East)	100%	
Venezuelan Response Corporation, C.A.	100%	
National Response Corporation	100%	
NRC Environmental Services Inc.	100%	
National Response Corporation of Puerto Rico	100%	
OSRV Holdings, Inc.	100%	X
SEACOR Environmental Products LLC	100%	
SEACOR Environmental Services International Ltd.	100%	
IRC do Brasil Ltda.	100%	
SEACOR Environmental Services (Thailand) Ltd.	99%	
SEACOR Environmental Services (U.K.) Ltd.	100%	
SEACOR International Ltd.	100%	
SEACOR Management Services Inc.	100%	
SEACOR Marine (Asia) Pte. Ltd.	100%	
SEACOR Marine (Bahamas) Inc.	100%	
SEACOR Marine (Isle of Man) Ltd.	100%	
SEACOR Marine (International) Ltd.	100%	
SEACOR Marine Guernsey Ltd.	100%	
SEACOR Meridian Inc.	100%	
SEACOR Asset Management LLC	100%	
SEACOR Payroll Management LLC	100%	
SEACOR Ocean Boats Inc.	100%	
SEACOR Offshore Services Inc.	100%	
SEACOR Worldwide Inc.	100%	X
Congo Seacor Marine S.A.	100%	
SEACOR Worldwide Barges LLC	100%	
Sea-Gil Holdings, L.L.C.	100%	
SEACOR-SMIT Holdings B.V.	80%	
SEACOR Offshore Supplyships One Ltd.	100%	
SEACOR-SMIT Offshore (International) Inc.	100%	

SEACOR-SMIT Offshore (International) Ltd.	100%	
SEACOR Offshore (Marshall Islands) Ltd.	100%	X
SEACOR-SMIT Offshore I Inc.	100%	
SEACOR-SMIT Offshore (Worldwide) Ltd.	100%	
Stirling Shipping Holdings Limited	100%	
Stirling Shipping Company Limited	100%	
Bruce Marine Limited	100%	
Stirling Marine Limited	100%	
Stirling Offshore Limited	100%	
Haven Shipping Company Limited	100%	
Stirling Ship Management Limited	100%	
The O'Brien's Group, Inc.	100%	

O'Brien Oil Pollution Service, Inc.	100%	
Response Management Associates, Inc.	100%	
VEESEA Holdings Inc.	98.2%	
Gem Shipping Inc.	100%	X
Gem Shipping Ltd.	100%	
Storm Shipping Inc.	100%	
Vector-Seacor Ltd.	100%	
SEACOR Inland River Transport Inc.	100%	
SCF Marine Inc.	100%	
SCF Barge Line LLC	100%	
SCF Boats LLC	100%	
SCF/JAR Investments LLC	97%	
SCFM Towing LLC	55%	
SCF Fleeting LLC	100%	
Weston Barge Line, Inc.	100%	
SCF Towboat III, L.P.	50%	

¹ Tex-Air owns 33.38%. Tex-Air will be merged into OAI

SCHEDULE C

EXISTING LIENS

<u>SECURED OBLIGATIONS</u>	<u>COLLATERAL</u>
\$1,706,931 - Promissory Note - Banco Nacional e Desenvolvimento Economico e Social (BNDES) Seabulk Offshore do Brasil Ltda.	SEABULK IPANEMA
\$6,591,652 - Promissory Note - Banco Nacional e Desenvolvimento Economico e Social (BNDES) Seabulk Offshore do Brasil Ltda.	SEABULK BRASIL
\$6,492,586 - BNDES - Promissory Note - Banco Nacional e Desenvolvimento Economico e Social (BNDES) Seabulk Offshore do Brasil Ltda.	SEABULK ANGRA
\$38,229,188 - Title XI Financing - Marad - Lightship Tankers I, LLC	SEABULK ENERGY
\$39,469,680 - Title XI Financing - Marad - Lightship Tankers II, LLC	HMI BRENTON REEF
\$39,631,000 - Title XI Financing - Marad - Lightship Tankers III, LLC	SEABULK PRIDE
\$39,705,000 - Title XI Financing - Marad - Lightship Tankers IV, LLC	SEABULK ARCTIC
\$39,802,000 - Title XI Financing - Marad - Lightship Tankers V, LLC	SEABULK MARINER
\$12,778,508 - Capital Leases:	
Norlease, Inc. - Seabulk Towing, Inc.	BROWARD
Norlease, Inc. - Seabulk Towing, Inc.	ST. JOHNS

Norlease, Inc. - Seabulk Towing, Inc.	NEW RIVER
AmSouth Leasing Ltd. Seabulk Towing, Inc.	ESCAMBIA
TA Marine III, Inc. - Seabulk Towing, Inc.	SUWANEE RIVER
\$9,898,756 - Capital Lease:	
Wells FargoBank Northwest, National Association - Seabulk Africa, Inc.	SEABULK AFRICA

SCHEDULE D

EXISTING INDEBTEDNESS (1)

SECURED DEBT	6/30/2006
Promissory Notes - Ipanema	1,706,931
Promissory Notes - Brazil	6,591,652
Promissory Notes - Angra	6,492,586
Title XI - Tanker I	38,229,188
Title XI - Tanker II	39,469,680
Title XI - Tanker III	39,631,000
Title XI - Tanker IV	39,705,000
Title XI Debt - Tanker V	39,802,000
Scott Financial	2,818
Capital Leases - Tugs	12,778,508
Capital Leases - Africa	9,898,756
Total Secured Debt	234,308,118
UNSECURED Debt	6/30/2006
5 7/8% Senior Notes	200,000,000
7.2% Senior Notes	134,500,000
2.875% Convertible Debt	250,000,000
9.5% Senior Notes	138,500,000
Total Unsecured Debt	723,000,000
Less:	
Debt Discount, 5 7/8% Senior Notes	(1,608,252)
Debt Discount, 7.2% Senior Notes	(176,494)
Debt Discount, Promissory Notes - Ipanema	(135,140)
Debt Discount, Promissory Notes - Brazil	(614,812)
Debt Discount, Promissory Notes - Angra	(608,610)
Debt Discount, Title XI - Tanker III	(4,183,489)
Debt Discount, Title XI - Tanker IV	(4,191,492)
Debt Discount, Title XI - Tanker V	(4,201,604)
	(15,719,893)
Plus:	
Debt Premium, 9.5% Senior Notes	15,556,420
Debt Premium, Title XI - Tanker I	527,164

Debt Premium, Title XI - Tanker II	555,773
Debt Premium, Capital Leases - Tugs	894,096
Debt Premium, Capital Leases - Africa	351,980
	17,885,433
Less: (Portion Due Within One Year)	
Promissory Notespanema	(136,554)
Promissory Notes - Brazil	(437,015)
Promissory Notes - Angra	(426,914)
Title XI - Tanker I	(619,641)
Title XI - Tanker II	(651,490)
Title XI - Tanker III	(1,211,000)
Title XI - Tanker IV	(1,213,000)
Title XI - Tanker V	(1,216,000)
Scott Financial	(2,818)
Capital Leases - Tugs	(1,215,051)
Capital Leases - Africa	(1,188,163)
Portion of Long-Term Debt	(8,317,646)
Total Long-Term Debt	951,156,011

(1) As of 6/30/06 but includes adjustments for loans paid off since 6/30/06

SCHEDULE E

EXISTING LETTERS OF CREDIT

<u>Letters of Credit</u>	<u>9/30/2006</u>
Beneficiary: Botas International Ltd expires 10/27/06	USD 762,000
Beneficiary: Tat Hong Plant Leasing expires 1/15/07	SGD 800,000

EXHIBIT 1

PROMISSORY NOTE

_____, 2006

New York, New York

FOR VALUE RECEIVED, the undersigned SEACOR HOLDINGS INC., a corporation incorporated under the laws of the State of Delaware (the "Borrower"), hereby promises to pay to the order of [INSERT NAME OF LENDER], [INSERT JURISDICTION OF ORGANIZATION OF LENDER AND TYPE OF ENTITY] (the "Lender"), with offices at [INSERT ADDRESS OF LENDER], the principal sum of [INSERT AMOUNT OF COMMITMENT OF LENDER] United States Dollars or the equivalent thereof where a portion of the Credit Facility is in a Foreign Currency or Currencies (as the same may be reduced from time to time pursuant to Sections 5.3 of the Credit Agreement hereinafter defined) or, if less, the aggregate unpaid principal amount of the Advances from time to time outstanding made by _____ to the Borrower pursuant to the Credit Agreement dated November __, 2006, by and among, (1) the Borrower, (2) DnB NOR Bank ASA ("DnB NOR"), Nordea Bank Norge ASA, Grand Cayman Branch ("Nordea"), The Governor and Company of the Bank of Scotland ("Bank of Scotland") and Fortis Capital Corp., a corporation organized under the laws of the State of Connecticut ("Fortis"), as mandated lead arrangers, (3) DnB NOR and Nordea, as Bookrunners, (4) DnB NOR, as facility agent (the "Facility Agent"), (5) Nordea, as syndication agent, (6) Bank of Scotland, as structuring agent, (7) Fortis, as documentation agent, and (8) the banks and financial institutions whose names and addresses are set out in Schedule A to the Credit Agreement, as lenders (as amended, restated, modified or supplemented from time to time, the "Credit Agreement"). The Borrower shall repay all outstanding Advances on the Termination Date. This promissory note may be prepaid on such terms as provided in the Credit Agreement. The Borrower shall repay or prepay each Advance (or portion thereof), together with interest accrued thereon, in the same currency as that in

which such Advance was denominated when it was originally advanced by the Lenders.

Words and expressions used herein and defined in the Credit Agreement shall have the same meanings herein as therein defined.

The Advances shall bear interest for the period(s) of one (1), two (2), three (3), six (6), nine (9) or twelve (12) months (or such longer period as may be agreed by the Lenders), as selected by the Borrower pursuant to Section 6.2 of the Credit Agreement, at the rate per annum which is equal to the aggregate of, (a) LIBOR plus (b) the Applicable Margin, as provided in Section 6.1 of the Credit Agreement. Any payments under the Credit Agreement or hereunder not paid when due, whether by acceleration or otherwise, shall bear interest thereafter at a rate per annum equal to two hundred (200) basis points over the Applicable Rate then in effect with respect thereto at the time of such default.

All payments of principal and interest hereunder are payable in lawful money of the United States of America, the United Kingdom, The Netherlands, France, or Singapore, the

Euro or any other currency freely convertible into U.S. Dollars, as the case may be, to the Facility Agent at its offices located at 200 Park Avenue, New York, New York or to such other branch of the Facility Agent as the Facility Agent may direct, in immediately available same day funds.

The Facility Agent may endorse the amount, currency and the date of the making of each Advance and any payment or prepayment thereof on the grid annexed hereto and made a part hereof, which endorsement shall constitute prima facie evidence of the accuracy of the information so endorsed; provided, however, that any failure to endorse such information on such grid shall not in any manner affect the obligation of the Borrower to make payment of principal and interest in accordance with the terms of this promissory note.

If this promissory note or any payment required hereunder becomes due and payable on a day which is not a Banking Day the due date thereof shall be extended until the next following Banking Day unless such next following Banking Day falls in the following calendar month, in which case, this promissory note or any payment required hereunder shall be due on the immediately preceding Banking Day. Any interest shall be payable during any such extension at the rate applicable immediately prior thereto.

This promissory note is one of the Notes referred to in, and is entitled to the security and benefits of, the Credit Agreement. Upon the occurrence of any Event of Default under the Credit Agreement, the principal hereof and accrued interest hereon may be declared to be and shall thereupon become, forthwith, due and payable.

Presentment, demand, protest and notice of dishonor of this promissory note or any other notice of any kind are hereby expressly waived.

THE UNDERSIGNED, AND BY ITS ACCEPTANCE HEREOF, THE LENDER, HEREBY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER PARTY HERETO OR ANY BENEFICIARY HEREOF ON ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS PROMISSORY NOTE.

THIS PROMISSORY NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the Borrower has executed and delivered this Promissory Note on the date and year first above written.

SEACOR HOLDINGS INC.

By: _____
Name:
Title:

ADVANCES AND PAYMENTS OF PRINCIPAL

Date	Amount and Currency of Each Advance	Amount of Principal Paid or Repaid	Outstanding Balance	Notation Made By
-------------	--------------------------------------------	-------------------------------------------	----------------------------	-------------------------

**FORM OF
DRAWDOWN NOTICE**

[Date]

DnB NOR Bank ASA
200 Park Avenue
New York, New York 10016

Drawdown Notice

Pursuant to Section 3.3 of the Revolving Credit Facility Agreement dated as of November __, 2006 (the "Credit Agreement") made by and among (1) ourselves as the "Borrower", (2) DnB NOR Bank ASA ("DnB NOR"), Nordea Bank Norge ASA, Grand Cayman Branch ("Nordea"), The Governor and Company of the Bank of Scotland ("Bank of Scotland") and Fortis Capital Corp., a corporation organized under the laws of the State of Connecticut ("Fortis"), as mandated lead arrangers, (3) DnB NOR and Nordea, as Bookrunners, (4) DnB NOR, as facility agent (the "Facility Agent"), (5) Nordea, as syndication agent, (6) Bank of Scotland, as structuring agent, (7) Fortis, as documentation agent, and (8) the banks and financial institutions whose names and addresses are set out in Schedule A to the Credit Agreement, the undersigned hereby gives the Facility Agent notice of a drawdown of an Advance. All terms used herein, shall have the meanings given thereto in the Credit Agreement.

Drawdown Date:
Amount:
Currency:
Purpose:
Initial Interest Period(s):
Disbursement Instructions:

The undersigned hereby represents and warrants that (a) the representations and warranties stated in Section 2 of the Credit Agreement (updated mutatis mutandis) are true and correct on the date hereof and will be true and correct on the Drawdown Date specified above as if made on such date, except for changes in (i) the Vessels owned, (ii) recorded liens relating thereto or (iii) Liens in respect of Secured Debt, and (b) no Event of Default has occurred and is continuing or will have occurred and be continuing on the Drawdown Date, and no event has occurred or is continuing which, with the giving of notice or lapse of time, or both, would constitute an Event of Default.

In the event that the Lenders shall not be obliged under the terms of the Credit Agreement to make the above requested Advance (including, without limitation any such failure resulting from the failure of the Borrower to satisfy a condition precedent set forth in Section 4 of the Credit Agreement)(1), the Borrower shall indemnify and hold fully harmless the Lenders or any of them, against any losses which the Lenders or any of them, may sustain as a result of borrowing or agreeing to borrow funds to meet the requested drawdown and the certificate of the

(1) Insert the following in the initial Drawdown Notice -- "or the failure of the Credit Agreement to become effective"

relevant Lender shall, absent manifest error, be conclusive and binding on the Borrower as to the extent of any such losses.

This Drawdown Notice is effective upon receipt by you and shall be irrevocable.

SEACOR HOLDINGS INC.

By: _____
Name:
Title:

**FORM OF
LETTER OF CREDIT REQUEST**

No. _____(1)

Dated: [Date]

DnB NOR Bank ASA

New York Branch
200 Park Avenue
New York, NY 10016-0396

Attn.: _____

Ladies and Gentlemen.

The undersigned, SEACOR HOLDINGS INC., refers to the Revolving Credit Facility Agreement, dated November ____, 2006 (as amended, modified or supplemented from time to time, the "Credit Agreement", the capitalized terms defined therein being used herein as therein defined), made by and among (1) the undersigned, as the "Borrower", (2) DnB NOR Bank ASA ("DnB NOR"), Nordea Bank Norge ASA, Grand Cayman Branch ("Nordea"), The Governor and Company of the Bank of Scotland ("Bank of Scotland") and Fortis Capital Corp., a corporation organized under the laws of the State of Connecticut ("Fortis"), as mandated lead arrangers, (3) DnB NOR and Nordea, as Bookrunners, (4) DnB NOR, as facility agent (the "Facility Agent"), (5) Nordea, as syndication agent, (6) Bank of Scotland, as structuring agent, (7) Fortis, as documentation agent, and (8) the banks and financial institutions whose names and addresses are set out in Schedule A to the Credit Agreement.

The undersigned hereby requests that the Letter of Credit Issuer issue on behalf and for the account of the undersigned a Letter of Credit on ____, ____ (the "Date of Issuance") in the aggregate amount of _____. The requested Letter of Credit shall be denominated in _____.

The beneficiary of the requested Letter of Credit will be _____ and such Letter of Credit will be in support of _____ (2) and will have a stated termination date of _____, ____.

The undersigned hereby certifies that the following statements are true on the date hereof, and will be on the Date of Issuance:

- (a) the representations and warranties contained in Section 2 of the Credit Agreement are and will be true and correct in all material respects, before and after giving effect to the issuance of the Letter of Credit requested hereby, as though made on the Date of Issuance, unless stated to relate to a specific earlier date, in which case such representations and warranties shall be true and correct in all material

(1) Letter of Credit Request Number.

(2) Insert description of the L/C Supportable Obligations to which this letter of Credit Request relates.

respects as of such earlier date, except for changes in (i) the Vessels owned, (ii) recorded liens relating thereto or (iii) Liens in respect of Secured Debt; and

- (b) no Event of Default has occurred and is continuing, or would result after giving effect to the issuance of the Letter of Credit requested hereby.

Copies of all documentation, if any, with respect to the supported transaction are attached hereto.

SEACOR HOLDINGS INC.

By: _____
Name:
Title:

EXHIBIT 4

FORM OF COMPLIANCE CERTIFICATE

[Date]

DnB NOR Bank ASA
200 Park Avenue, 31st Floor
New York, NY 10166

Enclosed, please find the Compliance Certificate required to be delivered under the Credit Facility Agreement, dated November ____, 2006 relating to our \$300,000,000 credit facility. The following information has been assembled from the attached financial statements, dated [Date]. The brief section descriptions outlined below serves to summarize the full text and should there be any conflict in the interpretation of the text used herein and in the Credit Facility Agreement, the latter shall govern ('000' have been omitted in all dollar amounts below).

Section 3.6 Foreign Currency Advances - Max. 50% of Amount:

British Pound Advances:

- [GBP]
- [\$exchange rate]
- [\$equivalent]

Euro Advances:

- [€]
- [\$exchange rate]
- [\$equivalent]

Singapore Dollar Advances:

- [SGD]
- [\$exchange rate]
- [\$equivalent]

Total Foreign Currency
Advances (in \$ terms):

- [A]

Maximum Foreign
Currency Advances
Allowed

\$ • [B][50% of Facility]

Repayment required:

None [A - B]

Section 4.1(a)(iv) Board of Directors and Section 9.1(l)

Change of Control of SEACOR Holdings Inc.:

SEACOR Holdings may not suffer any change of control, as defined.

The current members of the Board of Directors are (any change from previous list to be noted):

Compliance

(yes/no/n.a.)

Section 10.1 (a)(vi)(a) Annual Financial Statements

As soon as available but no later than 90 days after the end of each fiscal year as audited by an Acceptable Accounting Firm. Together with a Compliance Certificate.

•

Section 10.1 (a)(vi)(b) Quarterly Financial Statements

As soon as available but no later than 60 days of the end of each fiscal quarter. Together with a Compliance Certificate.

•

Section 10.1 (a)(xvi) Funded Debt / Total Capitalization:

Maximum of 50%. Total Capitalization includes Funded Debt and Consolidated Net Worth.

•

Funded Debt:

\$ • [A]

CONSOLIDATED NET WORTH:

\$ • [B]

Total Capitalization:

\$ • [A+B]

Ratio:

• [A/A+B]

Section 10.1 (a)(xvii) Secured Debt / Total Capitalization:
Secured Debt: on a consolidated basis, the aggregate of any
Indebtedness secured or collateralized by a Lien

Maximum 25%.

Senior Debt: \$ • [A]

Total Capitalization: \$ • [B]

Ratio: • [A/B]

3

Compliance

(yes/no/n.a.)

Section 10.1 (a)(xviii) Interest Coverage Ratio:

Maintain on a consolidated basis (a) EBITDA
divided by (b) interest payments (including interest
attributable to capitalized leases) made during the
four (4) fiscal quarters preceding the date on
which such ratio is determined at ratio of
not less than 3.0 to 1.0.

EBITDA (LAST 12 MONTHS) \$ • [A]

INTEREST PAYMENTS (LAST
4 QUARTERS) \$ • [B]

INTEREST COVERAGE RATIO: • [A/B]

Section 10.1(b)(x) Limitations on Investments in Joint Venture

Will not make, and will not permit any Subsidiary to make,
any Investment in any Joint Venture except if such Investment
does not exceed 30% of the Total Capitalization, and
except as otherwise provided in Section [10.1(b)(a)(xviii)]

INVESTMENT \$ • [A]

TOTAL CAPITALIZATION \$ • [B]

PERCENTAGE OF INVESTMENT
TO TOTAL CAPITALIZATION • [(A/B) * 100]

4

Compliance

(yes/no/n.a.)

Section 10.1(b)(xi) Limitations on Indebtedness

Will not incur, and shall procure that the Subsidiaries will not incur,
any Indebtedness, except as otherwise provided in Section
10.1(b)(xi), and except Indebtedness may be incurred so long
as Seacor is in compliance with Sections 10.1(a)(xvi), (xvii), (xviii)
and (xviii); and provided that the aggregate of Subsidiary Funded
Debt of each of the Subsidiaries, when added together, shall not
exceed 30% of the Total Capitalization of the Borrower on a
consolidated basis; provided, further, that when aggregating any

Subsidiary Funded Debt, it is done as provided in Section 10.1(b)(xi)(e)

AGGREGATE SUBSIDIARY FUNDED DEBT

\$ • [A]

TOTAL CAPITALIZATION

\$ • [B]

PERCENTAGE OF AGGREGATE SUBSIDIARY FUNDED DEBT TO TOTAL CAPITALIZATION

• [(A/B) * 100]

To the best of my knowledge there are currently no outstanding defaults under the Loan Agreement and the related documentation excerpt as expressly outlined below:

Very truly yours,

SEACOR HOLDINGS INC.

By: _____
Name:
Title:

EXHIBIT 5

FORM OF
ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement"), dated as of _____, between [NAME OF ASSIGNOR], a [bank/corporation] organized under the laws of [JURISDICTION OF INCORPORATION OF ASSIGNOR] (the "Assignor"), and [NAME OF ASSIGNEE], a [bank/corporation] organized under the laws of [JURISDICTION OF INCORPORATION OF ASSIGNEE] (the "Assignee"), supplemental to:

(A) that certain Revolving Credit Facility Agreement, dated as of November __, 2006 (as amended, restated, modified or supplemented from time to time, together the "Credit Agreement"), made by and among (1) Seacor Holdings Inc. ("the Borrower"), (2) DnB NOR Bank ASA ("DnB NOR"), Nordea Bank Norge ASA, Grand Cayman Branch ("Nordea"), The Governor and Company of the Bank of Scotland ("Bank of Scotland") and Fortis Capital Corp., a corporation organized under the laws of the State of Connecticut ("Fortis"), as mandated lead arrangers, (3) DnB NOR and Nordea, as Bookrunners, (4) DnB NOR, as facility agent (the "Facility Agent"), (5) Nordea, as syndication agent, (6) Bank of Scotland, as structuring agent, (7) Fortis, as documentation agent, and (8) the banks and financial institutions whose names and addresses are set out in Schedule A to the Credit Agreement, pursuant to which the Lenders agreed to make available to the Borrower a reducing revolving credit facility (the "Credit Facility") in the maximum principal amount which may be outstanding at any time (in Advances and/or Letters of Credit) of Three Hundred Million Dollars (\$300,000,000) (with a request for such amount to be increased up to Four Hundred Fifty Million Dollars (\$450,000,000, as provided in the Credit Agreement) or the equivalent in Pounds Sterling, Euros, Singapore Dollars or any combination thereof; provided, however, that at no time may the amount of outstanding Letters of Credit be in excess of Two Hundred Million Dollars (\$200,000,000); and]

(B) each promissory note made by the Borrower payable to the order of each Lender dated November __, 2006 (collectively, the "Notes") evidencing the Advances under the Credit Agreement.

Except as otherwise defined herein, terms defined in the Credit Agreement have the same meaning when used herein.

In consideration of the premises and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. The Assignor hereby sells, transfers and assigns to the Assignee •% of the Assignor's right, title and interest in, to and under the: (a) the Credit Agreement, (b) the Notes (including, without limitation, its interest in the indebtedness evidenced by the Notes) and (c) the

Letters of Credit. Simultaneously herewith, the Assignee shall pay to the Assignor an amount equal to the purchase price agreed between them in a separate writing.

2. The Assignee hereby assumes •% of the obligations of the Assignor under the Credit Agreement and shall hereafter be a “Lender” for all purposes of the Credit Agreement and the Notes and a “Letter of Credit Participant” for purposes of the Letters of Credit, the Assignee’s Commitment thereunder being \$• in respect of the Credit Facility.

3. The [Assignor] [Assignee] shall pay an administrative fee of Five Thousand Dollars (\$5,000) to the Facility Agent to reimburse the Facility Agent for its cost in processing the assignment and assumption herein contained.

4. If it is not a U.S. person, the Assignee shall, on or prior to the date hereof and from time to time thereafter when required by applicable provisions of the United States Internal Revenue Code, provide the Borrower with two duly completed copies of Internal Revenue Service Form W- 8BEN or W-8ECI, as appropriate, or any successor form prescribed by the Internal Revenue Service, certifying that the Assignee is entitled to benefits under an income tax treaty to which the United States is a party that exempts withholding tax on payments under the Credit Agreement and the Notes or certifying that the income receivable pursuant to the Credit Agreement or the Notes is effectively connected with the conduct of a trade or business in the United States.

5. The Assignee irrevocably designates and appoints the Agent as its agent, and irrevocably authorizes the Agent, to take such action on its behalf and to exercise such powers on its behalf under the Credit Agreement and under the Notes, each as supplemented hereby, as are delegated to the Agent by the terms of each thereof, together with such powers as are reasonably incidental thereto all as provided in Section 16 of the Credit Agreement.

6. The Assignor makes no representation or warranty in connection with, and shall have no responsibility with respect to, the solvency, financial condition or statements of the Borrower, or the validity and enforceability of the obligations of the Borrower in respect of the Credit Agreement or the Notes. The Assignee acknowledges that it has, independently and without reliance on the Assignor or the Agent, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and will continue to be responsible for making its own independent appraisal of the business, affairs and financial condition of the Borrower.

7. Every notice or demand under this Agreement shall be in writing and may be given by telecopy and shall be sent (with a copy to the Agent) as follows:

If to the Assignor:

[NAME OF ASSIGNOR]
[ADDRESS]
Telecopy No.:
Attention:

2

If to the Assignee::

[NAME OF ASSIGNEE]
[ADDRESS]
Telecopy No.:
Attention:

If to the Facility Agent:

200 Park Avenue
New York, New York 10166-0396
Telecopy No. 212-681-3900
Attention: Kevin O’Hara

Any notice sent by telecopy shall be confirmed by letter dispatched as soon as possible thereafter. The Assignee designates its address given above as its address for notices pursuant to Section 17.2 of the Credit Agreement.

8. **EACH OF THE ASSIGNOR AND THE ASSIGNEE HEREBY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER PARTY HERETO ON ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT.**

9. **THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

10. This Agreement may be executed in several counterparts with the same effect as if the parties executing such counterparts executed one agreement as of the date hereof and each counterpart when executed and delivered shall be deemed to be an original and all of such counterparts together shall constitute this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

[NAME OF ASSIGNOR]

[NAME OF ASSIGNEE]

By: _____
Name:
Title:

By: _____
Name:
Title:

By: _____
Name:
Title:

By: _____
Name:
Title:

Consented and Agreed this
day of , :

SEACOR HOLDINGS INC.

By: _____
Name:
Title:

DNB NOR BANK, ASA,
as Facility Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

CERTIFICATION

I, Charles Fabrikant, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SEACOR Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2006

/s/ CHARLES FABRIKANT

Name: Charles Fabrikant

Title: *Chief Executive Officer*

CERTIFICATION

I, Richard Ryan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SEACOR Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2006

/s/ RICHARD RYAN

Name: Richard Ryan

Title: Chief Financial Officer

**CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Charles Fabrikant, as Chief Executive Officer of SEACOR Holdings Inc. (the “*Company*”), certify, pursuant to 18 U.S.C. § 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) the accompanying Quarterly Report on Form 10-Q for the period ending September 30, 2006 as filed with the U.S. Securities and Exchange Commission (the “*Report*”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 7, 2006

/s/ CHARLES FABRIKANT

Charles Fabrikant

Chief Executive Officer

**CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED BY SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Richard Ryan, as Chief Financial Officer of SEACOR Holdings Inc. (the "*Company*"), certify, pursuant to 18 U.S.C. § 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the accompanying Quarterly Report on Form 10-Q for the period ending September 30, 2006 as filed with the U.S. Securities and Exchange Commission (the "*Report*") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 7, 2006

/s/ RICHARD RYAN

Richard Ryan

Chief Financial Officer
