TIDEWATER INC
Form 10-K
May 19, 2011
Table of Contents

Index to Financial Statements

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended March 31, 2011

¨**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: 1-6311

Tidewater Inc.

(Exact name of registrant as specified in its charter)

Delaware	**72-048776**
(State of incorporation)	**(I.R.S. Employer Identification No.)**

601 Poydras St., Suite 1900

New Orleans, Louisiana	**70130**
(Address of principal executive offices)	**(Zip Code)**

Registrant s telephone number, including area code: (504) 568-1010

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

Title of each class	Name of each exchange on which registered

Common Stock, par value $0.10	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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

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

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 x No ¨

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Table of Contents

Index to Financial Statements

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

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company ¨

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

As of September 30, 2010, the aggregate market value of the registrant s voting common stock held by non-affiliates of the registrant was $2,286,393,685 based on the closing sales price as reported on the New York Stock Exchange of $44.81.

As of May 5, 2011, 51,876,038 shares of Tidewater Inc. common stock $0.10 par value per share were outstanding. Registrant has no other class of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant s definitive proxy statement for its 2011 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days after the end of the Registrant s last fiscal year is incorporated by reference into Part III of this Annual Report on Form 10-K.

Table of Contents

Index to Financial Statements

TIDEWATER INC.

FORM 10-K

FOR THE FISCAL YEAR ENDED MARCH 31, 2011

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENT		4
PART I		4
ITEM 1.	BUSINESS	4
ITEM 1A.	RISK FACTORS	17
ITEM 1B.	UNRESOLVED STAFF COMMENTS	24
ITEM 2.	PROPERTIES	24
ITEM 3.	LEGAL PROCEEDINGS	24
ITEM 4.	RESERVED	25
PART II		26
ITEM 5.	MARKET FOR THE REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES	26
ITEM 6.	SELECTED FINANCIAL DATA	28
ITEM 7.	MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	29
ITEM 7A.	QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	64
ITEM 8.	FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA	66
ITEM 9.	CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE	66
ITEM 9A.	CONTROLS AND PROCEDURES	66
ITEM 9B.	OTHER INFORMATION	67
PART III		68
ITEM 10.	DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE	68
ITEM 11.	EXECUTIVE COMPENSATION	68
ITEM 12.	SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS	68
ITEM 13.	CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE	68
ITEM 14.	PRINCIPAL ACCOUNTING FEES AND SERVICES	68
PART IV		69
ITEM 15.	EXHIBITS, FINANCIAL STATEMENT SCHEDULES	69
SIGNATURES OF REGISTRANT		74
SIGNATURES OF DIRECTORS		74

Table of Contents

Index to Financial Statements

FORWARD-LOOKING STATEMENT

In accordance with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, this Annual Report on Form 10-K and the information incorporated herein by reference contain certain forward-looking statements which reflect the company s current view with respect to future events and financial performance. All such forward-looking statements are subject to risks and uncertainties, and the company s future results of operations could differ materially from its historical results or current expectations. Some of these risks are discussed in this report and in Item 1A. Risk Factors and include, without limitation, volatility in worldwide energy demand and oil and gas prices; fleet additions by competitors and industry overcapacity; changes in capital spending by customers in the energy industry for offshore exploration, field development and production; changing customer demands for vessel specifications, which may make some of our older vessels technologically obsolete for certain customer projects or in certain markets; uncertainty of global financial market conditions and difficulty in accessing credit or capital; acts of terrorism and piracy; significant weather conditions; unsettled political conditions, war, civil unrest and governmental actions, such as expropriation, especially in higher risk countries where we operate; foreign currency fluctuations; labor influences proposed by international conventions; increased regulatory burdens and oversight following the Deepwater Horizon incident; and enforcement of laws related to the environment, labor and foreign corrupt practices.

Forward-looking statements, which can generally be identified by the use of such terminology as may, expect, anticipate, estimate, forec believe, think, could, continue, intend, seek, plan, and similar expressions contained in this report, are predictions and not guarantee performance or events. Any forward-looking statements are based on the company s assessment of current industry, financial and economic information, which by its nature is dynamic and subject to rapid and possibly abrupt changes. The company s actual results may differ materially from those stated or implied by such forward-looking statements due to risks and uncertainties associated with our business. While management believes that these forward-looking statements are reasonable when made, there can be no assurance that future developments that affect us will be those that we anticipate and have identified. The forward-looking statements should be considered in the context of the risk factors listed above and discussed in greater detail elsewhere in this Annual Report on Form 10-K. Investors and prospective investors are cautioned not to rely unduly on such forward-looking statements, which speak only as of the date hereof. Management disclaims any obligation to update or revise any forward-looking statements contained herein to reflect new information, future events or developments.

In certain places in this report, we refer to reports published by third parties that purport to describe trends or developments in energy production and drilling and exploration activity. The company does so for the convenience of our investors and potential investors and in an effort to provide information available in the market that will lead to a better understanding of the market environment in which the company operates. The company specifically disclaims any responsibility for the accuracy and completeness of such information and undertakes no obligation to update such information.

PART I

ITEM 1. BUSINESS

General

Tidewater Inc., a Delaware corporation that is listed on the New York Stock Exchange under the symbol TDW , provides offshore service vessels and marine support services to the global offshore energy industry through the operation of a diversified fleet of marine service vessels. The company was incorporated in 1956 and conducts its operations through wholly-owned United States (U.S.) and international subsidiaries and joint ventures. Unless otherwise required by the context, the term company as used herein refers to Tidewater Inc. and its consolidated subsidiaries.

The company provides services in support of all phases of offshore exploration, field development and production, including towing of, and anchor handling for, mobile offshore drilling units; transporting supplies and personnel necessary to sustain drilling, workover and production activities; offshore construction and seismic support; and a variety of specialized services such as pipe and cable laying. The size and composition of the

Table of Contents

Index to Financial Statements

company s offshore service vessel fleet includes vessels that are operated under joint ventures, as well as vessels that have been stacked or withdrawn from service.

The company has one of the widest operating global footprints in the offshore energy industry with operations in most of the world s significant crude oil and natural gas exploration and production regions. The company is also one of the most experienced international operators in the offshore energy industry with over five decades of international experience.

At March 31, 2011, the company had 378 vessels (of which 10 were operated through joint ventures, 90 were stacked and four were withdrawn from service) available to serve the global energy industry. Please refer to Note (1) of Notes to Consolidated Financial Statements included in Item 8 of this report for additional information regarding our stacked vessels and vessels withdrawn from service.

The company also operates two shipyards, which construct, modify and repair vessels. The shipyards perform both repair work and new construction work for outside customers, as well as the construction, repair and modification of the company s own vessels.

The company s revenues, net earnings and cash flows from operations are largely dependent upon the activity level of its offshore marine vessel fleet. As is the case with other energy service companies, our business activity is largely dependent on the level of drilling and exploration activity by our customers. Our customers business activity, in turn, is dependent on crude oil and natural gas prices, which fluctuate depending on expected future levels of supply and demand for crude oil and natural gas, and on estimates of the cost to find, develop and produce reserves. Since the Deepwater Horizon incident, the level of drilling activity off the continental shelf of the U.S. Gulf of Mexico (GOM) had been suppressed while the federal government evaluated the causes of the incident and announced a plan for enhanced regulatory and safety oversight as a condition to granting additional drilling and exploration permits. The Bureau of Ocean Energy Management Regulation and Enforcement (BOEMRE) began issuing permits for deepwater exploration and drilling in the latter part of February 2011 although the pace of issuing new permits has been slow to date.

Offices and Facilities

The company s worldwide headquarters and principal executive offices are located at 601 Poydras Street, Suite 1900, New Orleans, Louisiana 70130, and its telephone number is (504) 568-1010. The company s U.S. marine operations are based in Amelia, Louisiana; Oxnard, California; and Houston, Texas. The company s shipyards and shipyard operations are located in Houma, Louisiana. We conduct our international operations through facilities and offices located in over 30 countries. Our principal international offices and/or warehouse facilities, most of which are leased, are located in Rio de Janeiro and Macae, Brazil; Ciudad Del Carmen, Mexico; Port of Spain, Trinidad; Aberdeen, Scotland; Cairo, Egypt; Luanda and Cabinda, Angola; Lagos and Onne Port, Nigeria; Douala, Cameroon; Singapore; Perth, Australia; Shenzhen, China; Port Moresby, Papua New Guinea; and Dubai, United Arab Emirates. The company s operations generally do not require highly specialized facilities, and suitable facilities are generally available on a lease basis as required.

Business Segments

The company operates in two reportable segments: International and the United States. The principal customers for each business segment are major and independent oil and natural gas exploration, field development and production companies; drilling contractors; and other companies that provide various services to the offshore energy industry, including but not limited to, offshore construction companies, diving companies and well stimulation companies. The international business segment also has customers that are foreign government-owned or -controlled organizations and companies that explore and produce oil and natural gas.

The company s vessels in its international segment are geographically dispersed throughout the major crude oil and natural gas exploration and development areas of the world. Although barriers such as mobilization costs, the availability of suitable vessels and cabotage rules in certain countries occasionally restrict the ability of the company to move vessels between international markets, the company s diverse, mobile asset base and the wide geographic distribution of its vessel assets enable the company to respond relatively quickly to changes in market conditions. As such, significant variations between international regions tend to be of a short-term duration, as the company routinely moves vessels between and within geographic regions.

Table of Contents

Index to Financial Statements

The company s internationally-based vessels operate in the shallow, intermediate and deepwater offshore markets around the world. The deepwater offshore market continues to be a growing sector of the international offshore crude oil and natural gas markets due in part to technological developments that have made such exploration feasible. It is the one sector that has not experienced significant negative effects from the 2008-2009 global economic recession, largely because deepwater exploration and development typically involves significant capital investment and multi-year development plans. Such projects are generally underwritten by the participating exploration, development and production companies using relatively conservative assumptions in regards to crude oil and natural gas prices and therefore are not as susceptible to short-term fluctuations in the price of crude oil and natural gas.

The company s international market segment revenue is derived primarily from vessel time charter contracts that are generally three months to two years in duration. The base rate of hire for a term contract is generally a fixed rate, though some charter arrangements include clauses to recover specific additional costs.

The company s vessels in its U.S. segment operate primarily in shallow, intermediate and deep waters of the U.S. GOM. A small percentage of the vessels in the U.S. segment operate in the U.S. coastal waters of the Pacific and Atlantic oceans. Drilling in the shallow and intermediate waters of the U.S. GOM generally are more susceptible to short-term fluctuations in the commodity prices of crude oil and natural gas. The deepwater offshore market has been a growing sector of the U.S. GOM and is the one domestic market that did not experience any significant negative effects from the 2008-2009 global economic recession for the reasons cited above. However, the April 2010 Deepwater Horizon incident did significantly affect drilling activity in the U.S. GOM. The Department of the Interior, through the BOEMRE, imposed a moratorium on certain drilling activities in the U.S. GOM while the BOEMRE overhauled the offshore crude oil and natural gas regulatory process.

The company s U.S. market segment revenue is derived from vessel time charter contracts that are on a term basis and on a spot basis, which is a short-term agreement (one day to three months) to provide offshore marine services to a customer for a specific short-term job. The company s U.S.-based deepwater class vessels are primarily contracted on a term basis.

Please refer to Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations of this report for a greater discussion of the company s International and U.S. segments, including the macroeconomic environment and market direction for each segment. In addition, please refer to Note (13) of Notes to Consolidated Financial Statements for segment, geographical data and major customer information.

The Past and Potential Future Impact of the Deepwater Horizon Disaster on Our Business

As an international energy service company that derives over 90% of its revenues from operations outside of United States territorial waters, we believe that the overall impact of the Deepwater Horizon incident will not have a significant immediate impact on our overall operations or financial performance. Less than 7% of our total fleet operates in the U.S. GOM, and, if necessary, these vessels can be mobilized to serve other markets if demand for their services does not continue to exist in the U.S. GOM because of any precipitous and long-term reduction in the level of drilling and exploration activity in that region.

On October 12, 2010, the U.S. government lifted the previously imposed moratorium suspending all deepwater drilling and exploration activity. New regulations of the BOEMRE calling for additional safety measures and inspections have caused significant disruption and delays in the permit process and are creating uncertainty as to when drilling activity will recommence to pre-moratorium levels. One of the consequences of the new regulatory environment may be that future deepwater exploration activity domestically will be limited to very large oil companies, which may limit the number of customers for the company s services in supporting deepwater exploration.

Although exploration activity in the shallow waters of the U.S. GOM was allowed to re-commence prior to October 12, 2010, and the BOEMRE began issuing permits for deepwater exploration and drilling in the latter part of February 2011, but only a limited number of new drilling permits have been issued since the spill. It appears the re-commencement of new drilling activities in the Gulf of Mexico will be a slow process. Over the longer term, we, like others that operate in the U.S. GOM, are concerned that new safety standards and other regulatory responses to the rig explosion and oil spill will result in higher operating costs and reduced

Table of Contents

Index to Financial Statements

exploration and field development (and particularly deepwater exploration and field development). We do not know when, or if, drilling activities will return to the levels seen prior to the Deepwater Horizon disaster.

In an effort to promote offshore drilling, a number of bills were introduced in the U.S. House of Representatives in late March 2011, that aim to increase offshore drilling by requiring the U.S. Department of the Interior to act on drilling application permits within 30 days of receipt, to conduct the postponed crude oil and natural gas lease sales in the U.S. GOM and offshore Virginia, and also to auction a majority of the crude oil and natural gas leases that contain the most known reserves. It is too early in the legislative process to determine if any or all of these bills will be passed or signed into law.

If exploration and production activity continues to migrate from the U.S. GOM to international markets because of the additional regulations and higher operating costs in the U.S. GOM, it is also probable that other offshore supply vessel owners will redeploy additional vessels to international markets. This could increase competition and have a negative effect on vessel utilization and day rates in international markets, depending on the number of drilling rigs and offshore supply vessels that exit the U.S. GOM and move to international markets.

Geographic Areas of Operation

The company s fleet is deployed in the major global offshore oil and gas areas of the world. The principal areas of the company s operations include the U.S. GOM, the Persian/Arabian Gulf, and areas offshore Australia, Brazil, Egypt, India, Indonesia, Malaysia, Mexico, Trinidad, and West and East Africa. The company regularly evaluates the deployment of its assets and repositions its vessels based on customer demand, relative market conditions, and other considerations.

Revenues and operating profit derived from International and United States marine operations and total marine assets for the International and United States segments for each of the fiscal years ended March 31 are summarized below:

(In thousands)

		2011	2010	2009
Revenues:				
Vessel revenues:				
International	$	962,522	1,048,553	1,209,426
United States		88,691	89,609	146,896
Other marine revenues		4,175	30,472	34,513
	$	1,055,388	1,168,634	1,390,835
Marine operating profit:				
Vessel activity:				
International	$	162,051	252,354	437,695
United States		11,581	9,196	34,797
		173,632	261,550	472,492
Corporate expenses		(46,361)	(51,432)	(38,622)
Gain on asset dispositions, net		13,228	28,178	27,251
Other marine services		(1,163)	2,034	4,348
Operating income	$	139,336	240,330	465,469
Total marine assets:				
International	$	3,237,846	2,822,058	2,575,637
United States		381,077	334,182	394,129
Total marine assets	$	3,618,923	3,156,240	2,969,766

Please refer to Item 7 of this report and Note (13) of Notes to Consolidated Financial Statements included in Item 8 of this report for further disclosure of segment revenues, operating profits, and total assets by geographical areas in which the company operates.

Table of Contents

Index to Financial Statements

Our Global Vessel Fleet

The company continues an aggressive but disciplined vessel construction, acquisition and replacement program that was initiated with the intent of assuring the company s presence in nearly all major oil and gas producing regions of the world through the replacement of aging vessels in the company s fleet with fewer, larger, and more technologically sophisticated vessels. Since calendar 2000, the company purchased and/or constructed 214 vessels for approximately $2.9 billion. To date, the company has generally funded its vessel programs from its operating cash flow and funds provided by the private placements of $725.0 million in senior unsecured notes, borrowings under revolving credit facilities, and various sales-leaseback arrangements.

The company s strategy contemplates organic growth through the construction of vessels at a variety of shipyards worldwide and possible acquisitions of recently built vessels and/or other owners and operators having attractive offshore supply vessels or fleets. The company has the largest number of new vessels among its competitors in the industry, but it also has the largest number of older vessels for which management regularly evaluates disposition and other alternatives. The company intends to pursue its long-term fleet replenishment and modernization strategy on a disciplined basis and, in each case, will carefully consider whether proposed investments and transactions have the appropriate risk/reward profile.

The average age of the company s 364 owned or chartered vessel fleet (including stacked vessels but excluding joint-venture vessels and vessels withdrawn from service) at March 31, 2011 is approximately 16.5 years. The average age of the 193 vessels that the company acquired or constructed since calendar year 2000 as part of its new build and acquisition program (and which accounted for approximately 80% of vessel revenue in fiscal 2011) is approximately 5.4 years. The remaining 171 vessels have an average age of 29.0 years. Of the company s 364 vessels, 65 are deepwater class vessels, 217 are in the towing-supply/supply class vessels, 56 are crew/utility class vessels and 26 are offshore tugs.

At March 31, 2011, the company had agreements to acquire eight vessels and commitments to build 28 vessels at a number of different shipyards around the world (with one of these vessels being constructed in the United States by the company s wholly-owned shipyard, Quality Shipyards, L.L.C.) at a total cost, including contract costs and other incidental costs, of approximately $857.2 million. Of the 28 new-build vessels, eight are anchor handling towing supply vessels ranging between 5,150 and 8,200 brake horsepower (BHP), 19 are platform supply vessels ranging between 3,200 and 6,360 deadweight tons of cargo capacity, and one is a fast crew/supply boat. Scheduled delivery for these vessels began in April 2011, with delivery of the final vessel expected in April 2013.

Of the eight vessels to be purchased, seven are anchor handling towing supply vessels and one is a platform supply vessel. The aggregate approximate purchase price for these eight vessels is $107.9 million. The company expects to take possession of six of the seven anchor handling towing supply vessels throughout calendar year 2011 and the final anchor handling towing supply vessel in February 2012 for an aggregate purchase price of $86.0 million. The company took possession of the platform supply vessel in April 2011 for an approximate purchase price of $21.9 million. At March 31, 2011, the company had expended $21.8 million for the acquisition of these eight vessels.

At March 31, 2011, the company had invested $341.2 million in progress payments towards the construction of 28 vessels and $21.8 million towards the purchase of the eight vessels. At March 31, 2011, the remaining expenditures necessary to complete construction of the 28 vessels currently under construction (based on contract prices), and to fund the acquisition of the eight vessels was $494.2 million.

A full discussion of the company s capital commitments, scheduled delivery dates and vessel sales is disclosed in the Vessel Count, Dispositions, Acquisitions and Construction Programs section of Item 7 and Note (10) of Notes to Consolidated Financial Statements included in Item 8 of this report. The Vessel Count, Dispositions, Acquisitions and Construction Programs section of Item 7 also contains a table comparing the actual March 31, 2011 vessel count and the average number of vessels by class and geographic distribution during the three years ended March 31, 2011, 2010 and 2009.

Between April 1999 and March 2011, the company also sold, primarily to buyers that operate outside of our industry, 543 vessels. Most of the vessel sales were at prices that exceeded their carrying values. In aggregate,

proceeds from, and pre-tax gains on, vessel dispositions during this period approximated $605.8 million and $279.1 million, respectively.

Our Vessel Classifications

The company s vessels regularly and routinely move from one operating area to another, often to and from offshore operating areas of different continents. The company discloses its vessel statistical information, such as revenue, utilization and average day rates, by vessel class. Listed below are the company s five major vessel classes along with a description of the type of vessels categorized in each class and the services the respective vessels typically perform. Tables comparing the average size of the company s marine fleet by class and geographic distribution for the last three fiscal years are included in Item 7 of this report.

Deepwater Vessels

Included in this vessel class are large (typically greater than 230-feet and/or with at least 2,801 tons in dead weight cargo carrying capacity), platform supply vessels (PSVs) and large, higher-horsepower (generally greater than 10,000 horsepower) anchor handling towing supply (AHTS) vessels. This vessel class is generally chartered to customers for use in transporting supplies and equipment from shore bases to deepwater and intermediate water depth offshore drilling rigs, platforms and other installations. Platform supply vessels, which have large cargo capacities, serve drilling and production facilities and support offshore construction and maintenance work. The anchor handling towing supply vessels are equipped to tow drilling rigs and other marine equipment, as well as to set anchors for the positioning and mooring of drilling rigs. Also included in this vessel class are specialty vessels that can support offshore well stimulation, construction work, subsea services and/or have fire fighting capabilities and/or accommodation facilities. These vessels are generally available for routine supply and towing services but are outfitted and primarily intended for specialty services. Included in the specialty vessel category is the company s one multi-purpose platform supply vessel (MPSV), which is designed for subsea service and construction support activities.

Towing-Supply and Supply Vessels

This is the company s largest fleet class by number of vessels. Included in this class are anchor handling towing supply vessels and supply vessels with horsepower below 10,000 BHP, and platform supply vessels that are generally less than 230 feet. The vessels in this class perform the same functions and services as their deepwater vessel class counterparts except they are generally chartered to customers for use in intermediate and shallow waters.

Crewboats and Utility Vessels

Crewboats and utility vessels are chartered to customers for use in transporting personnel and supplies from shore bases to offshore drilling rigs, platforms and other installations. These vessels are also often equipped for oil field security missions in markets where piracy, kidnapping or other potential violence presents a concern.

Offshore Tugs

Offshore tugs tow floating drilling rigs; assist in the docking of tankers; tow barges; assist pipe laying, cable laying and construction barges; and are used in a variety of other commercial towing operations, including towing barges carrying a variety of bulk cargoes and containerized cargo.

Other Vessels

Until the first quarter of fiscal 2010, the company s Other Vessels included inshore tugs and production, line-handling and various other special purpose vessels. Inshore tugs, which are operated principally within inland waters, tow drilling rigs to and from their locations and tow-barges carrying equipment and materials for use principally in inland waters for drilling and production operations. Barges are either used in conjunction with company tugs or are chartered to others. The company sold its remaining other type vessels during the first quarter of fiscal 2010.

Table of Contents

Index to Financial Statements

Revenue Contribution of Main Classes of Vessels

Revenues from vessel operations were derived from the main classes of vessels in the following percentages:

	Year Ended March 31,		
	2011	2010	2009
Deepwater vessels	39.6%	31.9%	24.0%
Towing-supply/supply	49.2%	56.9%	61.9%
Crew/utility	7.8%	7.9%	9.0%
Offshore tugs	3.4%	3.3%	4.6%
Other	0.0%	0.0%	0.5%

Shipyard Operations

Quality Shipyards, L.L.C., a wholly-owned subsidiary of the company, operates two shipyards in Houma, Louisiana, that construct, modernize and repair vessels. The shipyards perform repair work and new construction work for third-party customers, as well as the construction, repair and modification of the company s own vessels. During the last three fiscal years, Quality Shipyards, L.L.C. constructed and delivered two 266-foot platform supply vessels and is currently constructing one additional 266-foot platform supply vessel for the company. The two 266-foot platform supply vessels were delivered during fiscal 2010. The 266-foot deepwater, platform supply vessel that is currently under construction is expected to be delivered in November 2011.

Customers and Contracts

The company s operations are materially dependent upon the levels of activity in offshore crude oil and natural gas exploration, field development and production throughout the world, which is affected by trends in worldwide crude oil and natural gas prices (including expectations of future commodity pricing) that are ultimately influenced by the supply and demand relationship for these natural resources. The activity levels of our customers are also influenced by the cost of exploring and producing crude oil and natural gas, which can be affected by environmental regulations, technological advances that affect energy production and consumption, significant weather conditions, the ability of our customers to raise capital, and local and international economic and political environments, including government mandated moratoriums. A discussion of current market conditions and trends appears under Macroeconomic Environment and Outlook in Item 7 of this report.

The company s principal customers are major and independent oil and natural gas exploration, field development and production companies; foreign government-owned or -controlled organizations and companies that explore and produce oil and natural gas; drilling contractors; and companies that provide other services to the offshore energy industry, including but not limited to, offshore construction companies, diving companies and well stimulation companies.

In recent years, consolidation of exploration, field development, and production companies has occurred and this trend may continue in the future. Consolidation reduces the number of customers for the company s equipment, and may negatively affect exploration, field development and production activity as consolidated companies generally focus on increasing efficiency and reducing costs and delay or abandon exploration activity with less promise. Such activity could adversely affect demand for the company s vessels, and reduce the company s revenues.

The company s primary source of revenue is derived from time charter contracts of its vessels on a rate per day of service basis; therefore, vessel revenues are recognized on a daily basis throughout the contract period. As noted above, these time charter contracts are generally either on a term or spot basis. There are no material differences in the cost structure of the company s contracts based on whether the contracts are spot or term because the operating costs are generally the same without regard to the length of a contract.

For the year ended March 31, 2011, Chevron Corporation (including its worldwide subsidiaries and affiliates) accounted for approximately 16.2% and Petroleo Brasileiro SA accounted for approximately 15.4% of total revenues. The unexpected loss of either or both of these two significant customers could, at least in the short term, have a material adverse effect on the company s vessel utilization and its results of

operations. The five

Table of Contents

Index to Financial Statements

largest customers of the company accounted for approximately 45.3% of the company s fiscal 2011 total revenues, while the 10 largest customers accounted for approximately 62.8% of the company s total revenues.

Competition

The principal competitive factors for the offshore vessel service industry are the suitability and availability of vessel equipment, price and quality of service. In addition, the ability to demonstrate a strong safety record and attract and retain qualified and skilled personnel are also important competitive factors. The company has numerous competitors in all areas in which it operates around the world, and the business environment in all of these markets is highly competitive.

The company s diverse, mobile asset base and the wide geographic distribution of its assets generally enable the company to respond relatively quickly to changes in market conditions and to provide a broad range of vessel services to its customers around the world. The company s management believes the company has a competitive advantage because of the size, diversity and geographic distribution of its vessel fleet. Economies of scale and experience level in the many areas of the world in which we operate are also considered competitive advantages as is the company s strong financial position.

According to ODS-Petrodata, the global offshore supply vessel market has approximately 405 new-build offshore support vessels (platform supply vessels and anchor handlers only) at March 31, 2011 that are currently estimated to be under construction and that are expected to be delivered to the worldwide offshore vessel market primarily over the next three and a half years. The current worldwide fleet of these classes of vessels is estimated at approximately 2,590 vessels, of which we estimate in excess of 15% are stacked. An increase in worldwide vessel capacity could have the effect of lowering charter rates, particularly when there are lower levels of exploration, field development and production activity. The worldwide offshore marine vessel industry, however, also has a large number of aging vessels, including more than 760 vessels, or approximately 30% of the worldwide offshore fleet, that are at least 25 years old, that are nearing or exceeding original expectations of their estimated economic lives. These older vessels could potentially be removed from the market within the next few years if the cost of extending the vessels lives is not economically justifiable. Although the future attrition rate of these aging vessels cannot be accurately predicted, the company believes that the retirement of a sizeable portion of these aging vessels would likely mitigate the potential combined negative effects of new-build vessels on vessel utilization and vessel pricing. Additional vessel demand could also be created with the addition of new drilling rigs and floating production units that are expected to be delivered and become operational over the next few years, which should help minimize the possible negative effects of the new-build offshore support vessels being added to the offshore support vessel fleet. It is unknown at this time the extent to which the recovery from the recent global recession will influence the utilization of equipment currently in existence or the ultimate timing of delivery and placing into service of new drilling rigs, floating production units and vessels currently under construction.

Challenges We Confront as an International Offshore Vessel Company

The company operates in many challenging operating environments around the world that present varying degrees of political, social, economic and other uncertainties. We operate in markets where there are risks of expropriation, confiscation or nationalization of our vessels or other assets, terrorism, piracy, civil unrest, changing foreign currency exchange rates and controls, and changing political conditions, any of which may adversely affect our operations. Although the company takes what it believes to be prudent measures to safeguard its property, personnel and financial condition against these risks, it cannot mitigate entirely the foregoing risks, although the wide geographic dispersion of the company s vessels helps reduce the likely overall potential impact of these risks. In addition, immigration, customs, tax and other regulations (and administrative and judicial interpretations thereof) can have a material impact on our ability to work in certain countries and on our operating costs.

In some international operating environments, local customs or laws may require the company to form joint ventures with local owners or use local agents. The company is dedicated to carrying out its international operations in compliance with the rules and regulations of the Office of Foreign Assets Control (OFAC), the Trading with the Enemy Act, the Foreign Corrupt Practices Act (FCPA), and other applicable laws and regulations. The company has adopted policies and procedures to mitigate the risks of violating these rules and regulations.

Table of Contents

Index to Financial Statements

Sonatide

Tidewater has a 49% ownership interest in Sonatide, a joint venture that owns vessels that serve the Angolan offshore energy industry. Tidewater has previously disclosed that it has been in discussions with its joint venture partner, Sonangol, with respect to certain terms and conditions of the joint venture agreement under which Sonatide is managed and operated. This joint venture agreement was originally scheduled to expire by its terms on July 31, 2010; however, representatives of Sonangol and Tidewater have, from time to time, agreed to extend the expiration date of the joint venture agreement. The most recent extension extends the expiration date to July 31, 2011. The purpose of these extensions is to give the parties additional time to negotiate the terms of a new, more permanent joint venture agreement.

Successfully concluding a new joint venture agreement in a timely manner is a priority for the company. No assurances can be given, however, that these discussions will be successfully concluded or whether such terms will be advantageous to the company. Failing to further extend the existing Sonatide joint venture or reach a new joint venture agreement with Sonangol could impair the company s ability to continue to effectively compete for business in Angola in the future. More Tidewater vessels are deployed in Angola and more revenue is derived from our operations in Angola than in or from any of Tidewater s other countries of operation.

Sonangol and Tidewater have agreed to continue the Sonatide joint venture to the extent required to fulfill several new or renewed charterparty agreements with customers in Angola that extend well beyond July 31, 2011. These charterparty agreements cover a substantial portion of our vessels in Angola. Accordingly, while no assurances can be given that negotiations of a new, more permanent joint venture agreement will be successfully concluded, the joint venture has been extended, on a charter by charter basis, to fulfill the remaining term of existing charters for the vessels owned by the joint venture and the Tidewater-owned vessels operating in Angola. Over the course of the last few months, a number of new or renewed charters have been entered into on this basis.

International Labour Organization s Maritime Labour Convention

The International Labour Organization s Maritime Labour Convention, 2006 (the Convention) seeks to mandate globally, among other things, seafarer working conditions, ship accommodations, wages, conditions of employment, health and other benefits for all ships (and the seafarers on those ships) that are engaged in commercial activities. To date, this Convention has been ratified by 12 countries, namely, the Bahamas, Bosnia and Herzegovina, Bulgaria, Canada, Croatia, Liberia, Marshall Islands, Norway, Panama, St. Vincent and the Grenadines, Spain and Switzerland representing in excess of 33% of the world s vessel tonnage. If adopted by an additional 18 countries, then within 12 months thereof, the Convention will become law. In the unlikely event that ratification were to be achieved in 2011, the Convention would become law in 2012 or 2013, depending upon the date of final ratification. Even though the company believes that the labor changes proposed by this Convention are unnecessary in light of existing international labor laws that govern many of these issues, and the Company continues to work with industry representatives to oppose ratification of this Convention, the Company will continue to review and assess its seafarer labor relationships in light of the Convention requirements. Should this Convention become law, the company and its customers operations may be negatively affected by future compliance costs.

Government Regulation

The company is subject to various United States federal, state and local statutes and regulations governing the operation and maintenance of its vessels. The company s U.S. flag vessels are subject to the jurisdiction of the United States Coast Guard, the United States Customs and Border Protection, and the United States Maritime Administration. The company is also subject to international laws and conventions and the laws of international jurisdictions where the company and its offshore vessels operate.

Under the citizenship provisions of the Merchant Marine Act of 1920 and the Shipping Act, 1916, as amended, the company would not be permitted to engage in the U.S. coastwise trade if more than 25% of the company s outstanding stock were owned by non-U.S. citizens. For a company engaged in the U.S. coastwise trade to be deemed a U.S. citizen: (i) the company must be organized under the laws of the United States or of a state, territory or possession thereof, (ii) each of the chief executive officer and the chairman of the board of directors

Table of Contents

Index to Financial Statements

of such corporation must be a U.S. citizen, (iii) no more than a minority of the number of directors of such corporation necessary to constitute a quorum for the transaction of business can be non-U.S. citizens and (iv) at least 75% of the interest in such company must be owned by U.S. citizens. The company has a dual stock certificate system to protect against non-U.S. citizens owning more than 25% of its common stock. In addition, the company s charter provides the company with certain remedies with respect to any transfer or purported transfer of shares of the company s common stock that would result in the ownership by non-U.S. citizens of more than 24% of its common stock. Based on information supplied to the company by its transfer agent, approximately 18.6% of the company s outstanding common stock was owned by non-U.S. citizens as of March 31, 2011.

The laws of the U.S. require that vessels engaged in the U.S. coastwise trade must be built in the U.S. In addition, once a U.S.-built vessel is registered under a non-U.S. flag, it cannot thereafter engage in U.S. coastwise trade. Therefore, the company s non-U.S. flag vessels must operate outside of the U.S. coastwise trade. Of the total 378 vessels owned or operated by the company at March 31, 2011, 319 vessels were registered under flags other than the United States and 59 vessels were registered under the U.S. flag. If the company is not able to secure adequate numbers of charters abroad for its non-U.S. flag vessels, even if work would otherwise have been available for such vessels in the United States, these vessels cannot operate in the U.S. coastwise trade, and the company s financial performance could be affected.

All of the company s offshore vessels are subject to either United States or international safety and classification standards or sometimes both. U.S. flag towing-supply, supply vessels and crewboats are required to undergo periodic inspections twice within every five year period pursuant to U.S. Coast Guard regulations. Vessels registered under flags other than the United States are subject to similar regulations and are governed by the laws of the applicable international jurisdictions and the rules and requirements of various classification societies, such as the American Bureau of Shipping.

The company is in compliance with the International Ship and Port Facility Security Code (ISPS), an amendment to the Safety of Life at Sea (SOLAS) Convention (1974/1988), and further mandated in the Maritime Transportation and Security Act of 2002 to align United States regulations with those of SOLAS and the ISPS Code. Under the ISPS Code, the company performs worldwide security assessments, risk analyses, and develops vessel and required port facility security plans to enhance safe and secure vessel and facility operations. Additionally, the company has developed security annexes for those U.S. flag vessels that transit or work in waters designated as high risk by the United States Coast Guard pursuant to Marsec Directive 104-6, Revision five.

Environmental Compliance

During the ordinary course of business, the company s operations are subject to a wide variety of environmental laws and regulations that govern the discharge of oil and pollutants into navigable waters. Violations of these laws may result in civil and criminal penalties, fines, injunction and other sanctions. Compliance with the existing governmental regulations that have been enacted or adopted regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment has not had, nor is expected to have, a material effect on the company. Environmental laws and regulations are subject to change however, and may impose increasingly strict requirements and, as such, the company cannot estimate the ultimate cost of complying with such potential changes to environmental laws and regulations.

All vessels over 79 feet in registered length, regardless of flag, that are operating as a means of transportation within the inland and offshore waters of the U.S. (but not beyond the three nautical mile territorial sea limit) must comply with the Environmental Protection Agency s National Pollutant Discharge Elimination System (NPDES) Vessel General Permit (VGP) for discharges incidental to the normal operation of vessels. For our vessels, that includes ballast water, bilge water, graywater, cooling water, chain locker effluent, deck wash down and runoff, cathodic protection, and other such type runoff. The company believes that it is in full compliance with the VGP.

The company is also involved in various legal proceedings that relate to asbestos and other environmental matters. In the opinion of management, based on current information, the amount of ultimate liability, if any, with respect to these proceedings is not expected to have a material adverse effect on the company s financial position, results of operations, or cash flows. The company is proactive in establishing policies and operating

Table of Contents

Index to Financial Statements

procedures for safeguarding the environment against any hazardous materials aboard its vessels and at shore base locations. Whenever possible, hazardous materials are maintained or transferred in confined areas in an attempt to ensure containment if accidents occur. In addition, the company has established operating policies that are intended to increase awareness of actions that may harm the environment.

Safety

The company is committed to ensuring the safety of its operations for both its employees and its customers. The company s principal operations occur in offshore waters where the workplace environment presents safety challenges. Because the work environment presents these challenges, the company must work diligently to maintain workplace safety. Management regularly communicates with its personnel to promote safety and instill safe work habits through company media and safety review sessions. The company also regularly conducts safety training meetings for its seamen and shore based staff personnel. The company dedicates personnel and resources to ensure safe operations and regulatory compliance. The company s Director of Health, Safety and Environmental Management is involved in proactive efforts to prevent accidents and injuries and reviews all incidents that occur throughout the company. In addition, the company employs safety personnel at every operating location who are responsible for administering the company s safety programs and fostering the company s safety culture. The company believes that every employee is a safety supervisor, and gives each employee the right, the responsibility, and the obligation to stop any operation that the employee deems to be unsafe, whether it is deemed to be, in retrospect, unsafe or not.

Risk Management

The operation of any marine vessel involves an inherent risk of catastrophic marine disaster; adverse sea and weather conditions; mechanical failure; collisions and property losses to the vessel. In addition, the nature of our operations exposes the company to the potential risks of damage to and loss of drilling rigs and production facilities; war, sabotage, pirate and terrorism risks; and business interruption due to political action or inaction, including nationalization of assets by foreign governments. Any such event may result in a reduction in revenues or increased costs. The company s vessels are generally insured for their estimated market value against damage or loss, including war, terrorism acts, and pollution risks, but the company does not fully insure for business interruption. The company also carries workers compensation, maritime employer s liability, director and officer liability, general liability (including third party pollution) and other insurance customary in the industry.

The company seeks to secure appropriate insurance coverage at competitive rates by maintaining a self-retention layer up to certain limits on its marine package policies. The company carefully monitors claims and participates actively in claims estimates and adjustments. Estimated costs of self-insured claims, which include estimates for incurred but unreported claims, are accrued as liabilities on our balance sheet.

The continued threat of terrorist activity and other acts of war or hostility have significantly increased the risk of political, economic and social instability in some of the geographic areas in which the company operates. It is possible that further acts of terrorism may be directed against the United States domestically or abroad, and such acts of terrorism could be directed against properties and personnel of U.S.-owned companies such as ours. The resulting economic, political and social uncertainties, including the potential for future terrorist acts and war, could cause the premiums charged for our insurance coverage to increase. The company currently maintains war risk coverage on its entire fleet.

Management believes that the company s insurance coverage is adequate. The company has not experienced a loss in excess of insurance policy limits; however, there is no assurance that the company s liability coverage will be adequate to cover all potential claims that may arise. While the company believes that it should be able to maintain adequate insurance in the future at rates considered commercially acceptable, it cannot guarantee such with the current level of uncertainty in the markets the company operates.

Raw Materials

The company s wholly-owned subsidiary, Quality Shipyards, L.L.C., performs both repair work and new construction work for outside customers, as well as the construction, repair and modification of the company s own vessels. The shipyard operations require raw materials, such as alloy steels in various forms, welding

Table of Contents

Index to Financial Statements

gases, paint, fuels and lubricants, which are available from many sources. The shipyard does not depend on any one supplier or source for any of these materials. Although shortages for some of these materials and fuels have occurred from time to time, no material shortage currently exists nor does the shipyard anticipate any shortages. The commodity price for iron ore, the main component of steel, is typically volatile, and shortages may occur from time to time.

Seasonality

The company s global vessel fleet generally has its highest utilization rates in the warmer months when the weather is more favorable for offshore exploration, field development and construction work. The company s U.S. GOM operations can be impacted by the Atlantic hurricane season from the months of June through November, when offshore exploration, field development and construction work tends to slow or halt in an effort to mitigate potential losses and damage that may occur to the offshore oil and gas infrastructure should a hurricane enter the U.S. GOM. However, demand for offshore marine vessels typically increases in the U.S. GOM in connection with repair and remediation work that follows any hurricane damage to offshore crude oil and natural gas infrastructure. The company s vessels that operate in Southeast Asia and Pacific are impacted by the monsoon season, which moves across the region between September and early March.

The company s business volume is more dependent on crude oil and natural gas prices and global supply and demand conditions for the company s offshore marine services than any seasonal variation.

Employees

As of March 31, 2011, the company had approximately 7,500 employees worldwide. The company strives to maintain excellent relations with its employees. The company is not a party to any union contract in the United States but through several subsidiaries is a party to union agreements covering local nationals in several countries other than the United States. In the past, the company has been the subject of a union organizing campaign for the U.S. GOM employees by maritime labor unions. These union organizing efforts have abated, although the threat has not been completely eliminated. If the employees in the U.S. GOM were to unionize, the company s flexibility in managing industry changes in the domestic market could be adversely affected.

Table of Contents

Index to Financial Statements

Executive Officers of the Registrant

Name	Age	Position
Dean E. Taylor	62	Chairman of the Board of Directors since 2003. Chief Executive Officer since March 2002. President since October 2001. Executive Vice President from 2000 to 2001. Senior Vice President from 1998 to 2000.
Jeffrey M. Platt	53	Chief Operations Officer since March 2010. Executive Vice President since July 2006. Senior Vice President from 2004 to June 2006. Vice President from 2001 to 2004.
Stephen W. Dick	61	Executive Vice President since December 2001. Senior Vice President from 1999 to 2001. Vice President from 1990 to 1999.
Quinn P. Fanning	47	Chief Financial Officer since September 2008. Executive Vice President since July 2008. Prior to July 2008, Mr. Fanning was a Managing Director with Citigroup Global Markets Inc. In his 12 year investment banking career, all of which was with Citigroup or predecessor companies, Mr. Fanning generally focused on advisory services for the energy industry.
Joseph M. Bennett	55	Executive Vice President since June 2008. Chief Investor Relations Officer since 2005. Senior Vice President from 2005 to May 2008. Principal Accounting Officer from 2001 to May 2008. Vice President from 2001 to 2005. Controller from 1990 to 2005.
Bruce D. Lundstrom	47	Executive Vice President since August 2008. Senior Vice President from September 2007 to July 2008. General Counsel since September 24, 2007.

There are no family relationships between the directors or executive officers of the company. The company s officers are elected annually by the Board of Directors and serve for one-year terms or until their successors are elected.

Available Information

The company makes available free of charge, on or through its website (www.tdw.com), its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and other filings pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and amendments to such filings, as soon as reasonably practicable after each is electronically filed with, or furnished to, the Securities and Exchange Commission (the SEC). The public may read and copy any materials the company has filed with the SEC at the SEC s Public Reference Room at 100 F Street, NE, Washington, DC 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains a website that contains the company s reports, proxy and information statements, and the company s other SEC filings. The address of the SEC s website is www.sec.gov. Information appearing on the company s website is not part of any report that it files with the SEC.

The company also makes available its Code of Business Conduct and Ethics (Code), which is posted on our website, for its directors, chief executive officer, chief financial officer, principal accounting officer, and other officers and employees on matters of business conduct and ethics, including compliance standards and procedures. We will make timely disclosure by a Current Report on Form 8-K and on our website of any change to, or waiver from, the Code of Business Conduct and Ethics for our principal executive and senior financial officers. Any changes or waivers to the Code will be maintained on the company s website for at least 12 months. A copy of the Code is also available in print to any stockholder upon written request addressed to Tidewater Inc., 601 Poydras Street, Suite 1900, New Orleans, Louisiana 70130.

Table of Contents

Index to Financial Statements

ITEM 1A. RISK FACTORS

The company operates globally in many challenging and highly competitive markets. Listed below are some of the more critical or unique risk factors that we have identified as affecting or potentially affecting the company and the offshore marine service industry. You should consider these risks when evaluating any of the company s forward-looking statements. The effect of any one risk factor or a combination of several risk factors could materially affect the company s results of operations, financial condition and cash flows and the accuracy of any forward-looking statements made in this Annual Report on Form 10-K.

Oil and Gas Prices Are Highly Volatile

Commodity prices for crude oil and natural gas are highly volatile. Prices are extremely sensitive to the respective supply/demand relationship for crude oil and natural gas. High demand for crude oil and natural gas, reductions in supplies and/or low inventory levels for these resources as well as any perceptions about future supply interruptions can cause prices for crude oil and natural gas to rise. Conversely, low demand for crude oil and natural gas, increases in supplies and/or increases in crude oil and natural gas inventories cause prices for crude oil and natural gas to decrease. In addition, global military, political, and economic events, including civil unrest in the Middle East and North Africa oil producing and exporting countries, have contributed to crude oil and natural gas price volatility.

Factors that affect the supply of crude oil and natural gas include, but are not limited to, the following: global demand for the hydrocarbons; the Organization of Petroleum Exporting Countries (OPEC) ability to control crude oil production levels and pricing, as well as, the level of production by non-OPEC countries; political and economic uncertainties (including wars, terrorist acts or security operations); advances in exploration and field development technologies; significant weather conditions; and governmental policies/restrictions placed on exploration and production of natural resources.

Prolonged material downturns in crude oil and natural gas prices and/or perceptions of long-term lower commodity prices can negatively impact the development plans of exploration and production companies given the long-term nature of large-scale development projects. In addition, a prolonged recession may result in a decrease in demand for offshore support vessel services and a reduction in charter rates and/or utilization rates, which would have a material adverse effect on our results of operations, cash flows and financial condition. Higher commodity prices, however, do not necessarily translate into increased demand for offshore support vessel services as increased commodity supply could come from land-based energy markets.

Crude oil pricing volatility has increased in recent years as crude oil has emerged into a financial asset class used for speculative purchase. Traditionally, crude oil futures and options were purchased by the commercial traders for future production in an effort to hedge against price risk. More recently, non-commercial market participants have traded crude oil derivatives to profit off of the price performance of crude oil instead of traditional investments. The extent to which speculation causes excessive crude oil pricing volatility is currently not fully known; however, there is a growing consensus that speculative purchase of crude oil futures and options helped push crude oil prices to record levels in mid-2008. The escalation in energy prices and subsequent financial crisis and global economic recession helped to create a global accord to limit or prevent excessive speculation in an effort to diminish extreme crude oil price volatility.

Changes in the Level of Capital Spending by Our Customers

Our principal customers are major and independent oil and natural gas exploration, field development and production companies; foreign government-owned or -controlled organizations and companies that explore and produce oil and natural gas; drilling contractors; and companies that provide other services to the offshore energy industry, such as, offshore construction companies, diving companies and well stimulation companies. Our results of operations are highly dependent on the level of capital spending for exploration and field development by the companies that operate in the energy industry. The energy industry s level of capital spending is substantially related to current and expected future demand for hydrocarbons and the prevailing commodity prices of crude oil and, to a lesser extent, natural gas. When commodity prices are low, our customers generally reduce their capital spending budgets for onshore and offshore drilling, exploration and field development. The level of offshore crude oil and natural gas exploration, development and production activity has historically been volatile, and that volatility is likely to continue.

Table of Contents

Index to Financial Statements

Other factors that influence the level of capital spending by our customers that are beyond our control include: worldwide demand for crude oil and natural gas; the cost of exploring and producing crude oil and natural gas, which can be affected by environmental regulations; significant weather conditions; technological advances that affect energy production and consumption; local and international economic and political environment; and the availability and cost of financing.

The Offshore Marine Service Industry is Highly Competitive

The company operates in a highly competitive industry, which could depress vessel charter rates and utilization and adversely affect the company s financial performance. We compete for business with our competitors on the basis of price; reputation for quality service; quality, suitability and technical capabilities of vessels; availability of vessels; safety and efficiency; cost of mobilizing vessels from one market to a different market; and national flag preference. In addition, competition in international markets may be adversely affected by regulations requiring, among other things, the awarding of contracts to local contractors, the employment of local citizens and/or the purchase of supplies from local vendors that favor or require local ownership. In general, declines in the level of offshore drilling and development activity by the energy industry negatively affects the demand for our vessels and results in downward pressure on day rates. Extended periods of low vessel demand and/or low day rates reduce the company s revenues.

Risk Associated With the Loss of a Major Customer

We derive a significant amount of revenue from a few customers. For the years ended March 31, 2011, 2010 and 2009, the five largest customers accounted for approximately 45.3%, 47.3% and 45.4%, respectively, of the company s total revenues, while the 10 largest customers accounted for a respective 62.8%, 61.8% and 60.3% of our total revenues. Our results of operations, financial condition and cash flows could be materially adversely affected if one or more of these customers decide to interrupt or curtail their activities; terminate their contracts with us; fail to renew existing contracts; and/or refuse to award new contracts, and we were unable to contract our vessels with new customers at comparable day rates.

Consolidation of the Company s Customer Base

Oil and natural gas companies, energy companies and drilling contractors have undergone consolidation, and additional consolidation is possible. Consolidation reduces the number of customers for the company s equipment, and may negatively affect exploration, field development and production activity as consolidated companies focus on increasing efficiency and reducing costs and delay or abandon exploration activity with less promise. Such activity could adversely affect demand for the company s vessels and reduce the company s revenues.

Unconventional Natural Gas Sources are Exerting Downward Pricing Pressures on the Price of Natural Gas

The rise in production of unconventional gas resources (onshore shale plays resulting from technological advancements in horizontal drilling and fracturing) in North America and the commissioning of a number of new large Liquefied Natural Gas (LNG) export facilities around the world are contributing to an over-supplied natural gas market. While production of natural gas from unconventional sources is a relatively small portion of the worldwide natural gas production, it is increasing because improved drilling efficiencies are lowering the costs of extraction. There is a significant oversupply of natural gas inventories in the United States in part due to the increase of unconventional gas in the market. Prolonged increases in the worldwide supply of natural gas, whether from conventional or unconventional sources, will likely continue to suppress natural gas prices. A prolonged period of suppressed natural gas prices would likely have a negative impact on development plans of exploration and production companies, which in turn, may result in a decrease in demand for offshore support vessel services. This effect could be particularly acute in our U.S. operating segment, which is more oriented towards natural gas than crude oil production, and therefore more sensitive to the changes in the market pricing for natural gas than to changes in the market pricing of crude oil.

Table of Contents

Index to Financial Statements

Challenging Macroeconomic Conditions

Uncertainty about future global economic market conditions makes it challenging to forecast operating results and to make decisions about future investments. The success of our business is both directly and indirectly dependent upon conditions in the global financial and credit markets that are outside of our control and difficult to predict. Uncertain economic conditions may lead our customers to postpone capital spending in response to tighter credit and reductions in income or asset values. Similarly, when lenders and institutional investors reduce, and in some cases, cease to provide funding to corporate and other industrial borrowers, the liquidity and financial condition of our customers can be adversely impacted. These factors may also adversely affect our liquidity and financial condition. Factors such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation), trade barriers, commodity prices, currency exchange rates and controls, and national and international political circumstances (including wars, terrorist acts or security operations) can have a material negative effect on our business and operations, which in turn would reduce our revenues and profitability.

Prolonged material economic downturns in crude oil and natural gas prices can negatively affect the development plans of exploration and production companies. In addition, a prolonged recession may result in a decrease in demand for offshore support vessel services and a reduction in charter rates and/or utilization rates, which would have a material adverse effect on the company s results of operations, cash flows and financial condition. Prior to mid-2008, oil and gas companies had increased their respective exploration and field development activities in response to a very favorable pricing environment for oil and gas that existed at that time. Worldwide demand for crude oil and natural gas dropped precipitously and energy prices sharply declined as a result of a 2008-2009 global economic recession. Two years later, there are signs that economic improvement is underway; however, the pace of recovery and demand for energy and, in turn, offshore supply vessel services has been slow to recover. In addition, the recent increases in crude oil prices, resulting from higher demand for hydrocarbons and civil unrest in the Middle East and North African oil producing and exporting countries, has renewed economists concerns that high energy prices could imperil the economic recovery, although high commodity pricing generally bodes well for the energy industry.

Potential Overcapacity in the Offshore Marine Industry

Over the past decade, construction of offshore vessels of the types the company operates has increased significantly. Excess offshore supply vessel capacity likewise usually exerts downward pressure on charter rates. Excess capacity can occur when newly constructed vessels enter the market and when vessels are mobilized between market areas. While the company is committed to the construction of additional vessels, it has also sold and/or scrapped a significant number of vessels over the last several years. A discussion about the aging of the company s fleet, which has necessitated the company s new vessel construction programs, appears in the Vessel Count, Dispositions, Acquisitions and Construction Programs section of Item 7 in this report.

The offshore supply vessel market has approximately 405 new-build offshore support vessels (platform supply vessels and anchor handlers only) that are currently estimated to be under construction and that are expected to be delivered to the worldwide offshore vessel market over the next three and a half years, according to ODS-Petrodata. The current worldwide fleet of these classes of vessels is estimated at approximately 2,590 vessels. An increase in vessel capacity could result in increased competition in the company s industry which may have the effect of lowering charter rates and utilization rates, which, in turn, would result in lower revenues to the company. Also, please read Potential Repeal or Amendment of the Shipping Act May Have an Adverse Impact on the Company s U.S. Segment risk below for additional information that can increase vessels overcapacity in our U.S. Segment.

Risks Associated with Vessel Construction and Maintenance

The company has a number of vessels currently under construction, and it may construct additional vessels in response to current and future market conditions. In addition, the company routinely engages shipyards to drydock vessels for regulatory compliance and to provide repair and maintenance services. Construction projects and drydockings are subject to risks of delay and cost overruns, resulting from shortages of equipment, materials and skilled labor; lack of shipyard availability; unforeseen design and engineering problems; work stoppages; weather interference; unanticipated cost increases; unscheduled delays in the delivery of material

Table of Contents

Index to Financial Statements

and equipment; financial and other difficulties at shipyards including labor disputes and shipyard insolvency; and inability to obtain necessary certifications and approvals.

A significant delay in either construction or drydockings of vessels could have a material adverse effect on our ability to fulfill contract commitments and to realize timely revenues with respect to vessels under construction, conversion or other drydockings. Significant cost overruns or delays for vessels under construction could also adversely affect the company s financial condition, results of operations or cash flows. The demand for vessels currently under construction may diminish from levels originally anticipated. If the company fails to obtain favorable contracts for newly constructed vessels, such failure could have a material adverse effect on the company s revenues and profitability.

Also, difficult economic market conditions and/or prolonged distress in credit and capital markets may hamper the ability of shipyards to meet their scheduled deliveries of new vessels or the ability of the company to renew its fleet through new vessel construction or acquisitions. In addition, there is always the risk of insolvency of the shipyards that construct or drydock our vessels, which could adversely affect our new construction program, and consequently, adversely affect our financial condition, results of operations or cash flows.

Risks Associated with Operating Internationally

For the fiscal years ended March 31, 2011, 2010 and 2009, 92%, 92%, and 89%, respectively, of the company s total revenues were generated by its international segment. The company s international vessel operations are vulnerable to many risks inherent in doing business in countries other than the United States, some of which have recently become more pronounced. Our customary risks of operating internationally include political and economic instability within the host country; possible vessel seizures or nationalization of assets and other governmental actions by the host country (please refer to Item 7 in this report and Note (10) of Notes to Consolidated Financial Statements for a discussion of our Venezuelan operations regarding vessel seizures); foreign government regulations that favor or require the awarding of contracts to local competitors; an inability to recruit and retain management of overseas operations; currency fluctuations, revaluations, devaluations and restrictions on repatriation of currency; and import/export quotas and restrictions - most of which are beyond the control of the company.

The company is also subject to acts of piracy and kidnappings that put its assets and personnel at risk. The increase in the level of these criminal or terrorist acts over the last few years has been well-publicized. As a marine services company that usually operates in offshore, coastal or tidal waters, the company is particularly vulnerable to these kinds of unlawful activities. Although the company takes what it considers to be prudent measures to protect its personnel and assets in markets that present these risks, it has confronted these kinds of incidents in the past, and there can be no assurance it will not be subjected to them in the future.

The continued threat of terrorist activity and other acts of war or hostility have significantly increased the risk of political, economic and social instability in some of the geographic areas in which the company operates. It is possible that further acts of terrorism may be directed against the United States domestically or abroad and such acts of terrorism could be directed against properties and personnel of U.S.-owned companies such as ours. To date, the company has not experienced any material adverse effects on its results of operations and financial condition as a result of terrorism, political instability or war.

International Operations Exposed to Currency Devaluation and Fluctuation Risk

Due to the company s international operations, the company is exposed to foreign currency exchange rate risks on all charter hire contracts denominated in foreign currencies. For some of our international contracts, a portion of the revenue and local expenses are incurred in local currencies and the company is at risk of changes in the exchange rates between the U.S. dollar and foreign currencies. We generally do not hedge against any foreign currency rate fluctuations associated with foreign currency contracts that arise in the normal course of business, which exposes us to the risk of exchange rate losses. Gains and losses from the revaluation of our assets and liabilities denominated in currencies other than our functional currency are included in our consolidated statements of operations. Foreign currency fluctuations may cause the U.S. dollar value of our international results of operations and net assets to vary with exchange rate fluctuations. This could have a negative impact on our results of operations and financial position. In addition, fluctuations in

Table of Contents

Index to Financial Statements

currencies relative to currencies in which the earnings are generated may make it more difficult to perform period-to-period comparisons of our reported results of operations.

To minimize the financial impact of these items, the company attempts to contract a significant majority of its services in U.S. dollars. In addition, the company attempts to minimize its financial impact of these risks, by matching the currency of the company s operating costs with the currency of revenue streams when considered appropriate. The company continually monitors the currency exchange risks associated with all contracts not denominated in U.S. dollars.

Operational Hazards Inherent to the Offshore Marine Vessel Industry

The operation of any marine vessel involves inherent risk that could adversely affect our financial performance if we are not adequately insured or indemnified. Our operations are also subject to various operating hazards and risks, including risk of catastrophic marine disaster; adverse sea and weather conditions; mechanical failure; collisions and property losses to the vessel; damage to and loss of drilling rigs and production facilities; war, sabotage, pirate and terrorism risks; and business interruption due to political action or inaction, including nationalization of assets by foreign governments.

These risks present a threat to the safety of personnel and to our vessels, cargo, equipment under tow and other property, as well as the environment. Any such event may result in a reduction in revenues, increased costs, property damage, and additionally, third parties may have significant claims against us for damages due to personal injury, death, property damage, pollution and loss of business. Our vessels are generally insured for their estimated market value against damage or loss, including war, terrorism acts, and pollution risks, but the company does not fully insure for business interruption. Our insurance coverage is subject to deductibles and certain exclusions. We can provide no assurance, however, that our insurance coverage will be available beyond the renewal periods, that we will be able to obtain insurance for all operational risks and that our insurance policies will be adequate to cover future claims that may arise.

Compliance with the Foreign Corrupt Practices Act and Similar Worldwide Anti-Bribery Laws

Our international operations require us to comply with a number of U.S. and international laws and regulations, including those involving anti-bribery and anti-corruption. In order to effectively compete in certain foreign jurisdictions, the company seeks to establish joint ventures with local operators or strategic partners. As a U.S. corporation, the company is subject to the regulations imposed by the Foreign Corrupt Practices Act (FCPA), which generally prohibits U.S. companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or keeping business or obtaining an improper business benefit. The company has adopted proactive procedures to promote compliance with the FCPA, but it may be held liable for actions taken by its strategic or local partners or agents even though these partners or agents may not themselves be subjected to the FCPA. Any determination that the company has violated the FCPA could have a material adverse effect on its business, results of operations, and cash flows.

A full discussion of the company s FCPA internal investigation is disclosed in the Internal Investigation section of Note (10) of Notes to Consolidated Financial Statements included in Item 8 of this report.

Compliance with Complex and Developing Laws and Regulations

The company s U.S. and International segment operations are subject to many complex and burdensome laws and regulations. Stringent federal, state, local and foreign laws and regulations governing worker health and safety and the manning, construction and operation of vessels significantly affect our operations. Many aspects of the marine industry are subject to extensive governmental regulation by the United States Coast Guard and the United States Customs and Border Protection and their foreign equivalents, and to regulation by private industry organizations such as the American Bureau of Shipping, the Oil Companies International Marine Forum, and the International Marine Contractors Association.

The company s operations are also subject to federal, state, local and international laws and regulations that control the discharge of pollutants into the environment or otherwise relate to environmental protection. Compliance with such laws and regulations may require installation of costly equipment, increased manning or

Table of Contents

Index to Financial Statements

operational changes. Some environmental laws impose strict liability for remediation of spills and releases of oil and hazardous substances, which could subject the company to liability without regard to whether the company was negligent or at fault.

Further, many of the countries in which the company operates have laws, regulations and enforcement systems that are largely undeveloped, and the requirements of these systems are not always readily discernable even to experienced and proactive participants. Further, these laws, regulations and enforcement systems can be unpredictable and subject to frequent change or reinterpretation, sometimes with retroactive effect, and with associated taxes, fees, or penalties sought from the company based on that reinterpretation or retroactive effect. While the company endeavors to comply with applicable laws and regulations, the company s compliance efforts might not always be wholly successful, and failure to comply may result in administrative and civil penalties, criminal sanctions, imposition of remedial obligations or the suspension or termination of the company s operations. These laws and regulations may expose the company to liability for the conduct of or conditions caused by others, including charterers or third party agents. Moreover, these laws and regulations could be changed or be interpreted in new, unexpected ways that substantially increase costs that the company may not be able to pass along to its customers. Any changes in laws, regulations or standards that would impose additional requirements or restrictions could adversely affect the company s financial condition, results of operations or cash flows.

In order to meet the continuing challenge of complying with applicable laws and regulations in jurisdictions where it operates, the company revitalized and strengthened its compliance training, makes available and uses a worldwide compliance reporting system and performs compliance auditing/monitoring. The company appointed its general counsel as its chief compliance officer in fiscal 2008 to help organize and lead these compliance efforts. This strengthened compliance program may from time to time identify past practices that need to be changed or remediated. Such corrective or remedial measures could involve significant expenditures or lead to changes in operational practices that could adversely affect the company s financial condition, results of operations or cash flows.

We are subject to the Merchant Marine Act of 1936, which provides that, upon proclamation by the President of the United States of a national emergency or a threat to the security of the national defense, the Secretary of Transportation may requisition or purchase any vessel or other watercraft owned by U.S. citizens (including U.S. corporations), including vessels under construction in the United States. If our vessels were purchased or requisitioned by the U.S. federal government, we would be entitled to be paid the fair market value of the vessels in the case of a purchase or, in the case of a requisition, the fair market value of charter hire, but we would not be entitled to be compensated for any consequential damages suffered. Although the purchase or requisition of one or a few of our vessels for an extended period of time will not cause adverse material negative financial effects to our company, the purchase or requisition of several or a significant number of our vessels for an extended period of time may adversely affect our financial condition, results of operations, and cash flows.

Risk of Changes in Laws Governing U.S. Taxation of Foreign Source Income

We operate globally through various subsidiaries which are subject to changes in applicable tax laws, treaties or regulations in the jurisdictions in which we conduct our business, including laws or policies directed toward companies organized in jurisdictions with low tax rates. A material change in the tax laws or policies, or their interpretation, of any country in which we conduct business, or in which we are incorporated or resident, could result in a higher effective tax rate on our worldwide earnings, and such change could be significant to our financial results.

Approximately 92% of the company s revenues and net income are generated by its operations outside of the United States. The company s effective tax rate has averaged approximately 18.7% since fiscal 2006, primarily a result of the passage of The American Jobs Creation Act of 2004, which excluded from the company s current taxable income in the U.S. income earned offshore through the company s controlled foreign subsidiaries.

Periodically, tax legislative initiatives are proposed to effectively increase U.S. taxation of income with respect to foreign operations. Whether any such initiatives will win congressional or executive approval and become law is presently unknown; however, if any such initiatives were to become law, and were such law to apply to the company s international operations, it would result in a materially higher tax expense, which would have a

Table of Contents

Index to Financial Statements

material impact on the company s financial condition, results of operations or cash flows, and which could cause the company to review the utility of continued U.S. domicile.

In addition, our income tax returns are subject to review and examination by the Internal Revenue Service and other tax authorities where tax returns are filed. The company routinely evaluates the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for taxes. We do not recognize the benefit of income tax positions we believe are more likely than not to be disallowed upon challenge by a tax authority. If any tax authority successfully challenges our operational structure or intercompany transfer pricing policies, or if the terms of certain income tax treaties are interpreted in a manner that is adverse to our structure, or if we lose a material tax dispute in any country, our effective tax rate on our worldwide earnings could increase, and our financial condition and results of operations could be materially adversely affected.

Potential Repeal or Amendment of the Shipping Act May Have an Adverse Impact on the Company s U.S. Segment

The provisions of the Shipping Act restricting coastwise trade to vessels controlled by U.S. citizens may from time to time be circumvented by foreign competitors that seek to engage in trade reserved for vessels controlled by U.S. citizens and otherwise qualifying for coastwise trade. There have also been attempts to repeal or amend the citizen provision of the Shipping Act, and these attempts are expected to continue. Legal challenges against such actions are difficult, costly to pursue and unpredictable.

To the extent foreign competition is permitted to engage in U.S. coastwise trade by vessels that are built in lower-cost shipyards, owned and manned by foreign nationals with favorable foreign tax incentives and with lower wages and benefits than U.S. citizens, such increased competition could have a material adverse effect on the company s U.S. segment operations. However, for the fiscal years ended March 31, 2011, 2010 and 2009, 92%, 92%, and 89%, respectively, of the company s vessel revenues were generated by its international segment.

Compliance with Environmental Regulations May Adversely Impact Our Operations and Markets

A variety of regulatory developments, proposals and requirements have been introduced in the U.S. and various other countries that are focused on restricting the emission of carbon dioxide, methane and other gases. If such legislation is enacted, increased cost of energy as well as environmental and other costs and capital expenditures could be necessary to comply with the limitations. These developments may curtail production and demand for hydrocarbons such as crude oil and natural gas in areas of the world where our customers operate and thus adversely affect future demand for the company s offshore supply vessels, which are highly dependent on the level of activity in offshore oil and natural gas exploration, development and production market. Although it is unlikely that demand for oil and gas will lessen dramatically over the short-term, in the long-term, demand for oil and gas or increased regulation of environmental regulations may create greater incentives for use of alternative energy sources. Unless and until legislation is enacted and its terms are known, we cannot reasonably or reliably estimate its impact on our financial condition, results of operations and ability to compete. However, any long term material adverse effect on the crude oil and natural gas industry may adversely affect our financial condition, results of operations and cash flows.

The Deepwater Horizon Incident and Effects of the Drilling Moratorium in the U.S. Gulf of Mexico Could Have a Material Significant Impact on Exploration and Production Activities in United States Coastal Waters that Could Adversely Affect the U. S. Operations of the Company

As we are an energy service company, the success and profitability of our operations in the United States are dependent on the level of upstream drilling and exploration activity in the U.S. GOM, and to a lesser extent on the West Coast of the United States and in Alaska. In particular, many of our new-build vessels were designed to operate in deep water off the continental shelf to assist in drilling and exploration efforts in those areas. Since fiscal 2009, between 63% and 40% of our revenues in the U.S. GOM have come from our deepwater vessels, and the margins that we earn on deepwater vessels have typically been higher than margins we achieve on other classes of our vessels. Although the BOEMRE has begun to issue new drilling permits, the pace remains slow, and in any event, the new rules and requirements could continue to suppress the level of drilling activity and the demand for our services, which could have a material adverse effect on our U.S. operations. In

Table of Contents

Index to Financial Statements

addition, if exploration and production activity migrates from the U.S. GOM to international markets because of the additional regulations and higher operating costs in the U.S. GOM, it is also possible that other offshore supply vessel owners will redeploy additional vessels to international markets. These mobilizations could increase competition and have a negative effect on vessel utilization and day rates in international markets, depending on the number of drilling rigs that exit the U.S. GOM and move to international markets.

Also among the uncertainties that confront the industry are whether Congress will repeal the $75.0 million cap for non-reclamation liabilities under the Oil Pollution Act of 1990 and whether insurance will continue to be available at a reasonable cost and with reasonable policy limits to support drilling and exploration activity in the U.S. GOM. Although the eventual outcome of these developments is currently unknown, we believe that, even in the best case for the industry that we serve, additional regulatory and operational costs will be incurred, and these additional costs may either reduce the level of exploratory activity in the U.S. GOM, reduce demand for our services, or both.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Information on Properties is contained in Item 1 of this report.

ITEM 3. LEGAL PROCEEDINGS

Shareholder Derivative Suit

In mid February 2011, an individual claiming to be a Tidewater shareholder filed a shareholder derivative suit in the U.S. District Court for the Eastern District of Louisiana. The defendants in the suit are individual directors and certain officers of Tidewater Inc. Tidewater Inc. is also a nominal defendant in the lawsuit. The suit asserts various causes of action, including breach of fiduciary duty, against the individual defendants in connection with the facts and circumstances giving rise to the settlements with the DOJ and SEC and seeks a number of remedies against the individual defendants and the company as a result. While the company will incur costs in connection with the defense of this law suit, the suit does not seek monetary damages against the company. The individual defendants and the company have recently retained legal counsel. The lawsuit is still in an early stage.

Settlement with the Nigerian Government

The company announced on March 3, 2011, that it had reached an agreement with the Federal Government of Nigeria (FGN) to settle and resolve the previously disclosed investigation by the FGN relating to allegations that a third party customs broker had made improper payments to government officials in Nigeria on behalf of the company s foreign subsidiaries. The FGN s investigation in this regard focused on facts and circumstances associated with Nigeria operations in 2007 and previous years that were detailed in the company s previous settlements with the DOJ and SEC. Pursuant to the settlement agreement, the FGN has terminated the above-mentioned investigation and agreed not to bring any criminal charges or civil claims against the company or any associated persons arising from these allegations. In return, one of the company s Nigerian subsidiaries agreed to pay $6.0 million to the FGN and to pay an additional $0.3 million for the FGN s attorneys fees and other expenses. The total $6.3 million ($0.12 per diluted common share) settlement payments were recorded and paid during the quarter ended March 31, 2011. Among other provisions in the settlement agreement, the company s Nigerian subsidiary also affirmed a continuing commitment to good corporate governance and compliance.

Table of Contents

Index to Financial Statements

Other Items

Various legal proceedings and claims are outstanding which arose in the ordinary course of business. In the opinion of management, the amount of ultimate liability, if any, with respect to these actions, will not have a material adverse effect on the company s financial position, results of operations, or cash flows. Information related to various commitments and contingencies, including legal proceedings, is disclosed in Note (10) of Notes to Consolidated Financial Statements included in this report.

ITEM 4. RESERVED

Table of Contents

Index to Financial Statements

PART II

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

Common Stock Market Prices

The company s common stock is traded on the New York Stock Exchange under the symbol TDW. At March 31, 2011, there were 826 record holders of the company s common stock, based on the record holder list maintained by the company s stock transfer agent. The closing price on the New York Stock Exchange Composite Tape on March 31, 2011 was $59.85. The following table sets forth for the periods indicated the high and low sales price of the company s common stock as reported on the New York Stock Exchange Composite Tape and the amount of cash dividends per share declared on Tidewater common stock.

Quarter ended	June 30	September 30	December 31	March 31
Fiscal 2011 common stock prices:				
High	$ 57.08	$ 44.99	$ 54.15	$ 63.55
Low	38.65	38.00	42.81	52.44
Dividend	.25	.25	.25	.25
Fiscal 2010 common stock prices:				
High	$ 52.03	$ 48.95	$ 48.62	$ 51.43
Low	35.65	40.45	40.78	42.96
Dividend	.25	.25	.25	.25

Issuer Repurchases of Equity Securities

In May 2011, the company s Board of Directors replaced the existing share repurchase program with a new $200.0 million repurchase program that is effective through June 30, 2012. The Board of Directors authorized the company to repurchase shares of its common stock in open-market or privately-negotiated transactions.

In July 2009, the company s Board of Directors authorized the company to spend up to $200.0 million to repurchase shares of its common stock in open-market or privately-negotiated transactions. The repurchase program was scheduled to expire on June 30, 2010, but the company announced on May 14, 2010 that its Board of Directors had extended this program through June 30, 2011, unless further extended by the Board of Directors. The company uses its available cash and, when considered advantageous, borrowings under its revolving credit facility, or other borrowings, to fund any share repurchases. The company expended $20.0 million for the repurchase and cancellation of 486,800 common shares, at an average price paid per common share of $41.06 during the three-month period ended June 30, 2010, and $180.0 million remains available to repurchase shares under the 2009 share repurchase program at March 31, 2011. The company will continue to evaluate share repurchase opportunities relative to other investment opportunities and in the context of current conditions in the credit and capital markets.

Dividend Program

The Board of Directors declared dividends of $51.5 million, $51.7 million, and $51.5 million, or $1.00 per share, for the years ended March 31, 2011, 2010 and 2009, respectively. The declaration of dividends is at the discretion of the company s Board of Directors.

Table of Contents

Index to Financial Statements

Performance Graph

The following graph compares the cumulative total stockholder return on the company s common stock against the cumulative total return of the Standard & Poor s 500 Stock Index and the cumulative total return of the Value Line Oilfield Services Group Index (the Peer Group) over the last five fiscal years. The analysis assumes the investment of $100 on April 1, 2006, at closing prices on March 31, 2006, and the reinvestment of dividends. The Value Line Oilfield Services Group consists of 25 companies including Tidewater Inc.

Indexed returns
Years ended March 31

Company name/Index	2006	2007	2008	2009	2010	2011
Tidewater Inc.	100	107.27	101.94	70.18	91.30	118.03
S&P 500	100	111.83	106.15	65.72	98.43	113.83
Peer Group	100	102.63	133.87	60.02	99.53	144.04

Investors are cautioned against drawing conclusions from the data contained in the graph, as past results are not necessarily indicative of future performance.

The above graph is being furnished pursuant to the Securities and Exchange Commission rules. It will not be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the company specifically incorporates it by reference.

Table of Contents

Index to Financial Statements

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth a summary of selected financial data for each of the last five fiscal years. This information should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations in Item 7 and the Consolidated Financial Statements of the company included in Item 8 of this report.

Years Ended March 31
(In thousands, except ratio and per share amounts)

	2011 (A)	2010 (B)	2009	2008	2007 (C)
Statement of Earnings Data :					
Revenues:					
Vessel revenues	$ 1,051,213	1,138,162	1,356,322	1,215,134	1,097,582
Other marine services revenues	4,175	30,472	34,513	55,037	27,678
	$ 1,055,388	1,168,634	1,390,835	1,270,171	1,125,260
Gain on asset dispositions, net	$ 13,228	28,178	27,251	11,449	42,787
Provision for Venezuelan operations	$	43,720			
Net earnings	$ 105,616	259,476	406,898	348,763	356,646
Basic earnings per common share	$ 2.06	5.04	7.92	6.43	6.38
Diluted earnings per common share	$ 2.05	5.02	7.89	6.39	6.31
Cash dividends declared per common share (D)	$ 1.00	1.00	1.00	.60	.60
Balance Sheet Data (at end of period):					
Cash and cash equivalents	$ 245,720	223,070	250,793	270,205	393,806
Total assets	$ 3,748,116	3,293,357	3,073,804	2,751,780	2,649,298
Current maturities of long-term debt	$	25,000			
Long-term debt	$ 700,000	275,000	300,000	300,000	300,000
Capitalized lease obligations	$			10,059	19,712
Stockholders equity	$ 2,513,944	2,464,030	2,244,678	1,930,084	1,886,010
Working capital	$ 395,558	380,915	431,101	431,691	584,869
Current ratio	3.15				