Letter to Stockholders

April 5, 2006

Dear Fellow Stockholder:

Some may wonder why there was no annual letter last year. On the eve of a one billion dollar transaction with Seabulk International, Inc. ("Seabulk") that would dramatically change our corporate profile (to say nothing of a several hundred page merger-proxy statement) a letter would have been a sterile exercise.

Our results in 2005 were enormously improved over those in 2004. The opposite page provides data on historical performance. The table below provides another perspective on results. We have extracted operating income before depreciation and amortization.

(in thousands)	Operating Income	Depr. & Amort.	Operating Income before Depr. & Amort.
2003	$ 23,251	$ 55,506	$ 78,757
2004	$ 28,672	$ 57,834	$ 86,506
2005	$ 177,452	$ 127,714	$ 305,166

In large measure the improvement in earnings was the result of better margins in our established lines of business. Earnings also benefited from the purchase of Era Aviation, Inc. ("Era") and from the American Jobs Creation Act of 2004 allowing us to repatriate profits earned outside of the United States at a reduced effective tax rate. Nearly 23% of our operating income before depreciation and amortization in 2005 was derived from Seabulk's assets acquired on July 1, 2005, although Seabulk did not add to net income.

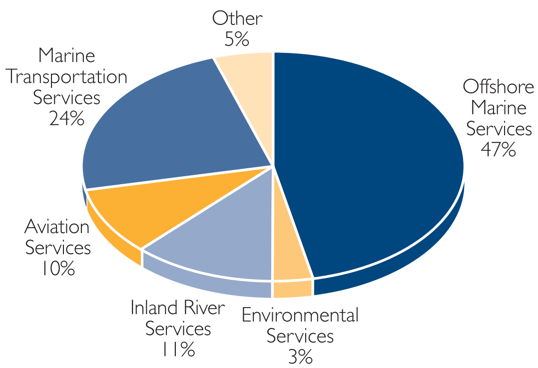
I am pleased to report 2006 has started on a promising note!

SEACOR'S Odyssey

SEACOR is now a diverse, equipment owning company with interests in offshore marine vessels, marine transportation (domestic tankers & shipping), barges, helicopters and tugs. We also have a thriving environmental services business. These five business units (along with our tugs currently reported under "Other") constitute a broad foundation on which to build, by adding incremental services and deploying capital opportunistically. They also create synergies in operations and marketing.

The pie chart to the right is a quick "cheat sheet".[1] As you can see, offshore marine now constitutes less than 50% of the assets in our business units.

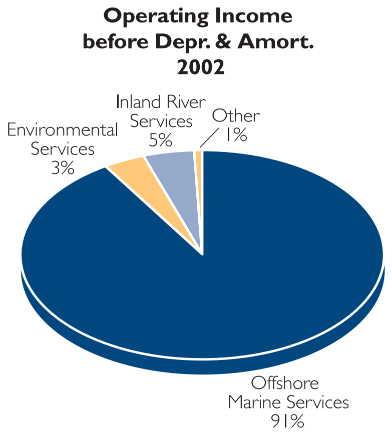
Assets by Business Unit as of 12/31/05

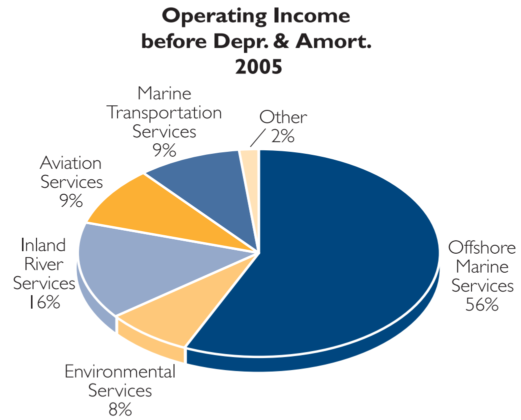


1 The "Other" category in the 2005 pie charts includes the assets of Harbor and Offshore Towing Services (tugs).

Local Service | Global Strength

The pie charts below offer additional perspective on our journey.[2] They depict the percentage of operating income before depreciation and amortization that each of our segments contributed in 2002 and 2005.[3] Only a few years ago over 90% was generated by marine equipment supporting offshore oil and gas drilling and related activities. In 2005 that contribution had dropped to 56%.





Offshore Marine Services:

We operate 301 offshore vessels including 96 that came with Seabulk. Our fleet works in 26 countries. Seabulk contributed to the expansion of our network, adding operations in the Middle East and Brazil. Our vessels are rented for specified periods of time, sometimes for as short as one day and occasionally for multi-year periods. A more detailed discussion of our offshore marine services business can be found in our Annual Report on Form 10-K (pages 2 to 8).

Offshore vessels come in different sizes and with different equipment packages. Our fleet falls into six very broad classes defined largely by commercial mission; within these classes there are sub-classes further defined by capabilities and capacities.[4] Replacement cost provides some perspective: we estimate it would cost about three million dollars to replace our simplest, least expensive vessel and perhaps twice that sum to build a fully loaded model within this same class, reflecting its larger size and more sophisticated station-keeping abilities. It would require more than $35 million to recreate our most sophisticated vessel with about an 18 month lead time. As you would expect, day rates between classes vary widely; some of our boats rent for $2,500-$3,000 per day and our more sophisticated equipment commands multiples of that.

A geographic spread of operations and diverse fleet are the key, at least in our minds, to realizing more value over time than would be the case were we to concentrate on one market or invest in only one class of vessel. Of course times could change and we might in the future have a different view.

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2 See Note 1, supra.

3 Operating income before depreciation and amortization can be extracted from note 16 to our financial statements in the 2005 Annual Report on Form 10-K (page 115) and note 14 to our financial statements in the 2004 Annual Report on Form 10-K (page 101) by using reportable segment profit excluding other income or expense (primarily foreign currency), equity in earnings and depreciation and amortization. On a GAAP basis, for 2005, the business units' reportable segment profit contribution was as follows (rounded): Offshore Marine Services (63%), Marine Transportation Services (2%), Inland River Services (18%), Aviation Services (6%), Environmental Services (10%) and Other (1%). On a GAAP basis, for 2002, the business units' reportable segment profit contribution was as follows (rounded): Offshore Marine Services (95%), Inland River Services (5%), Environmental Services (1%) and Other (-1%).

4 There are no industry-wide definitions for offshore vessel categories. One company's "anchor handler" is another's "towing supply." Our definitions are included in our Annual Report on Form 10-K (pages 4 to 5).

We also believe that pro-active management of our portfolio produces better returns over time than a "buy and hold" style.[5] During this past year we sold 29 vessels and added nine. As further illustration of our style in the last five years we have sold approximately $665 million of offshore marine vessels and added approximately $320 million by way of new construction.[6] As of December 31, 2005 we had 19 vessels on order.[7]

Prospects for our offshore business look very promising in the near term. Our equipment is enjoying virtually full employment. Work in the U.S. Gulf of Mexico continues at a brisk pace. Although a number of rigs have departed the U.S. Gulf and more are leaving, the robust demand for vessels is largely dependent on the reconstruction of facilities damaged by the 2005 hurricanes. I do wonder when the steady trickle of new deliveries from U.S. yards will have an impact.

A flip side to robust activity is the upward pressure on costs. Strong demand for equipment is straining resources, making it difficult to find qualified personnel and facilities for repairs and surveys. For the moment margins are intact, but there is always the risk that cost pressures will continue to rise after pricing power abates.

High commodity prices, in particular the price of natural gas, have demonstrated the free market works; industrial consumption declined and prices have followed. Anecdotal information suggests that the retreat in natural gas prices may not yet be exerting significant influence on forward drilling decisions, but it remains to be seen if courage will yield to caution. The shallow shelf in the U.S. Gulf of Mexico, thought to have been squeezed dry some years ago, is especially vulnerable to lower gas prices. Today's higher costs for rigs, boats and related services could diminish the appeal of pursuing prospects that yield limited reserves if prices trend lower.

Potentially more worrisome than the situation in the U.S. Gulf is the forward order book for new international equipment and the opening of new shipyards, all eager to satisfy the appetite of bullish owners. Prior letters have cautioned about the difficulty of projecting demand for our services; tracking supply of vessels, however, is merely a matter of diligence. Most commentators seem convinced that the expanding international order book will not add excess capacity, taking comfort that a growing rig fleet and retirement of old boats will keep supply and demand in balance.[8]

Aviation Services:

We launched into aviation at the end of 2002. The Era transaction at the end of 2004 more than doubled the size of our helicopter fleet, adding 81, mostly larger machines used for personnel change-outs on drillings rigs. We now operate 108 machines. Our headquarters is in Lake Charles, Louisiana, and operations are staged from more than a dozen bases along the U.S. Gulf Coast. We also have a fixed base operation in Anchorage, Alaska, and four other bases throughout that state.

Helicopters, like boats, come in different sizes and configurations. Replacement cost offers perspective on these differences. It would cost about $1.2 million to purchase new our smallest, least sophisticated helicopter and about $20 million to replace the most sophisticated. Our largest machines can carry approximately 19 passengers; the smaller units typically carry four passengers. During 2005 we acquired nine machines and sold eight machines. We also moved eight machines out of the United States, placing them on lease with other operators in several countries. We had 28 machines on order at year-end.[9]

Helicopters, like boats, are usually engaged on contracts for specific durations; sometimes by the day and frequently by the month. When engaged by the month we receive a retainer fee with additional compensation paid for each hour flown.

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5 In certain circumstances, tax gains and recapture of depreciation can be deferred by setting aside the proceeds of sale of U.S. owned vessels for up to 3 years for re-investment in new U.S.-flag vessels approved by the Maritime Administration. This allows us to invest capital in vessels that we believe are likely to have better returns over time.

6 We have also invested approximately $220 million in new barges and approximately $76 million in helicopters both new and used.

7 See our Annual Report on Form 10-K (pages 52 and 112) for further details on the capital commitments program.

8 We have appended to this year's report a table provided by Fearnley Offshore Supply (see page 8 of this letter) with its profile of the existing anchor handling and supply vessel fleet and order book of vessels. We note that we have not independently verified this data.

9 See Note 7, supra.

I have been asked on several occasions, "Why helicopters?" There is no single answer. Helicopters are "long-lived" assets and retain their value; they perform work critical to offshore operations, serving our primary customer base, but they also have diverse applications. The overlap in the customer base using helicopters and offshore vessels is an opportunity for cross-marketing. On the other hand, the diversity of application offers balance to the cyclical world of energy; helicopters are also engaged for fighting fires, catering to tourists (a big business in Alaska where we operate), standing-by for search and rescue operations, conducting pipeline and utility line surveillance, handling air-medical evacuation and a myriad of other uses. Helicopter values also tend to be less volatile than those of offshore vessels and barges, although they do move up and down with market conditions and, of course, the cost of capital.

We do much of our own maintenance on helicopters; stripping down equipment, rebuilding it, repairing avionics, servicing engines and painting the machines can all be done in-house. Our helicopter group also carries more inventory relative to fixed assets and revenue than our other business units. Better control of work flow, keeping tight control of inventory, good management of IT systems and tracking of purchasing and work process on the shop floor are all opportunities for improving margins.

Business for Era in 2005 was very good. Even before the summer hurricanes, offshore activity was accelerating and rates had begun to improve. Subsequent to hurricanes Katrina and Rita demand for helicopters tightened and rates climbed further. The aftermath of these storms also proved the worth of cross-marketing and validated our expectation that our business units would work synergistically. Our environmental division played a big role in responding to these storms and worked closely with our helicopter unit and our offshore marine division in providing disaster relief and follow-up.

The four primary manufacturers of helicopters are accelerating delivery of equipment, adding capacity and finding "takers." For the moment new capacity seems easy to absorb and today the outlook for 2006 looks bright. Whether additional production will outstrip demand in 2007 and beyond remains to be seen. As previously mentioned, helicopters have a myriad of applications. I am optimistic that new markets will absorb increased production.

Inland River Services:

We have more than doubled our investment in this business in the last two years. Most of our barges were acquired before steel prices climbed and shipyard capacity became scarce. The price for a new hopper barge today is significantly higher and a steep increase from several years ago when steel prices were lower and shipyards were willing to quote new business just to keep their work force busy.

During 2005 we added 75 new dry cargo barges and 24 tank barges to the fleet. As we embark on 2006, we operate 1,183 barges, 793 of which we own and another 390 of which we charter-in or manage.[10] At year-end we had 150 barges on order.[11] During 2005 we have also added several towboats and a fleeting operation, which is a staging area for collecting barges and holding them pending discharge or loading or assembling them for movement up or down river. Our Annual Report on Form 10-K provides an industry overview and additional fleet statistics.

Like offshore vessels and ships, barges can be contracted for specific periods and paid a per diem, but many of ours earn their keep carrying cargo for which we are paid by the ton. Two barges can have vastly different gross revenue even though the net result earned by each may be the same or roughly equivalent. If one is working the freight market, charging for tons moved and incurring full operational costs and the other is working the period market getting paid by the day and only incurring limited expenses, the gross margins for these barges will differ.

10 Our business model for inland activities is distinct from others. We operate our fleet with 16 dedicated individuals in St. Louis. While having captive towing is essential our business model is predicated on relying on others who have large fleets of boats and specialize in these operations. Our own boats are operated by third parties for the most part. We also have a fleeting operation but this, too, is operated by another party. Our view is that too many linked operations can distort daily trading decisions, causing management to favor full employment for discrete assets and masking true costs. I will freely acknowledge that there are merits to other business models. At some future time, if confronted with a favorable acquisition opportunity, we might opt for the fully integrated barge line approach, but all else being equal we would expect to continue with the current model.

11 See Note 7, supra.

Marine Transportation:

It is rare that a collection of unique assets can be purchased on reasonable terms. We deemed Seabulk's U.S. tanker fleet the industry prize, not only because it possesses the only five modern double-hull product tankers presently in service, but also because two of its single-hull vessels, which already have double-bottoms, appear particularly well-suited for life extension by conversion to double-hulls at a reasonable cost. This matter is currently under study.

Domestic tankers tend to be contracted for multi-year periods. We expect their addition to our equipment portfolio will add balance and stability over time.[12] Our shipping business is also a platform from which we can expand by adding assets as opportunity develops and broadening services. Hopefully our timing in adding assets in the future will not be as inauspicious as our timing last August in disposing of the two international registry product carriers that came with Seabulk; hurricanes Katrina and Rita propelled rates for product carriers into the stratosphere.

As of this writing prospects for our tankers look promising. Thus far when re-chartering vessels for term business, we have obtained rates better than those prevailing at the time when the expiring charters were executed. We do have some major dockings planned for later this year. We will most probably combine regulatory work with major capital upgrades, hence adding at least one additional double-hull ship to the fleet this year and a second in 2007. This will mean results for our shipping group will be "lumpy," as we will have large docking expenses when the regulatory work is done in addition to reduced revenue while the vessels are out of service.

Environmental Services:

SEACOR Environmental Services ("SES") continues to deliver good results. We were active throughout the hurricane season with emergency response and expanded our "non-event" driven project management and consulting services. Several years ago our activities were mostly confined to the U.S. and focused on oil spill response for vessels and oil terminal facilities. Today SES has operations in the Middle East, the Caspian Sea region, Turkey, West Africa, South America and Asia. In addition to providing coverage for oil spills from ships and facilities, SES covers pipelines, refineries, offshore production platforms and power plants. Our services now include emergency response for chemical and hazardous materials, industrial remediation projects and consulting on security issues. Ran Blank, who for many years served as our Chief Financial Officer, is now working full time as CEO of SES with the objective of growing the business.

Seabulk Transaction:

SEACOR paid $527 million to acquire Seabulk: $97 million in cash and $430 million in shares (including options to buy shares).[13] Seabulk also had $501 million of debt outstanding. The transaction value was based on SEACOR's average stock price during the period a day before and after the March 16, 2005 announcement of the merger with Seabulk.

I consider it somewhat quixotic that the consideration is in part valued by a measure as transient as the closing price of a quoted security.[14] In my view the better way to view this combination is that SEACOR's shareholders traded approximately 30 percent of their interest in offshore vessels, helicopters, barges and environmental activities for approximately 70 percent interest in Seabulk's tankers, offshore vessels and tugs. Whether or not this was a sensible trade will depend on how the future plays out. We view the domestic tanker business and tug operation as a basis for more stable earnings and as platforms for opportunity.

Accounting Policies:

A discussion of accounting rules and grace notes of financial reporting may be for some as welcome as remedial classes in school. Feel free to cut! My purpose is to address issues and questions that are frequently directed our way.

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12 We also acquired with Seabulk a small harbor & offshore tug operation that provides docking assistance to commercial ships.

13 Since acquiring Seabulk in July, we have realized almost $118 million dollars from sales of its assets.

14 Those who read our merger proxy statement know that discussions with Seabulk's management were conducted on and off over a period of months (see Form S-4 filed on April 22, 2005 (pages 80 to 86)). During that timeframe SEACOR's share price range was approximately $38.00-$65.00 and Seabulk's was $6.00-$21.00. Indeed share prices of quoted companies often move erratically within a trading day.

We, like others, report according to Generally Accepted Accounting Principles ("GAAP"), but these principles do not provide black letter rules for all situations.

Depreciation in 2005 increased dramatically and caused several investors to express confusion and concern. The short explanation is that we added a lot of assets when we acquired Era and Seabulk. The time frames over which these assets are being depreciated are relatively short as compared to our pre-existing assets.

The Seabulk and Era transactions added $934 million to property, plant and equipment. As noted in prior letters, our preference is to follow what we believe to be a conservative path.[15] For Seabulk's older offshore assets, the remaining useful lives are determined by their next regulatory survey, post-acquisition. Our single-hull tankers' estimated useful lives are determined by their OPA 90[16] retirement date. The Era acquisition included a number of older helicopters which are being depreciated over 4 years.

The helicopter industry is undergoing rapid change. Several new models have recently been introduced. Although historically helicopters have held their value well,[17] our guiding principle is to establish a depreciation schedule that best matches the commercially viable life for servicing offshore activity in the Gulf of Mexico. We presume there is life after the Gulf working in less demanding markets or other activities, but we don't count on it.

SEACOR's policy is to expense as incurred all costs required to maintain our assets in operating condition. Investors not familiar with our company tend invariably to ask, what is our "maintenance CAPEX?" The answer is; we do not have any! We capitalize expenditures only for new equipment, or for upgrades which change the commercial character of assets and hence justify charging more for their use, or for modifications which extend the useful life of equipment beyond that reflected in our original estimate. An example of the former would be adding a "plug" to an offshore vessel and dynamic positioning technology; an example of the latter would be making a single-hull tanker into a double-hull vessel hence giving it trading privileges beyond its OPA 90 retirement date. We follow the same policy with respect to our barge and helicopter equipment; all repairs are expensed when incurred. If we do the repair or rebuild a helicopter with our shop floor personnel, this cost is also expensed, not capitalized.

SEACOR's culture is to manage our asset portfolio aggressively. In our world a dollar of capital gain is no less worthy than a dollar earned from renting an asset by the day. Gains and losses from asset dispositions are therefore a component of our operating results.

I recognize that there is a tendency to place quarterly results of public companies under a microscope. Inland river and helicopter activity are usually impacted by winter weather. Helicopter expenses also tend to be higher during winter months as we take this opportunity to ready equipment for summer service. Revenue and operating income of our environmental services business are dramatically influenced by response activity. Our marine assets undergo periodic regulatory surveys which can be very costly and result in revenue swings due to extended time out of service. These factors, even if business conditions were not changing, would cause earnings to vary between accounting periods. As we grow and diversify the impact of these factors on results should be lessened but never entirely so.[18]

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15 For a more complete discussion of accounting principles see note 1 in our audited financial statements included in our Annual Report on Form 10-K. Suffice it to say that there is no black letter rule defining the useful life of assets. Previous letters have discussed our policies and choices. We ascribe a shorter life to our assets than others might choose. Why: because I cannot see 30 or 40 years into the future. I and the Board are well aware that many of the assets we operate may continue in service for a longer period than we attribute as a useful life for purposes of financial reporting, but there is no assurance that this will be so. Regulations change; technology moves forward. I would much rather find that our assets last longer than we project than have to explain an impairment charge. Of course there is no assurance even our conservative approach guarantees that the value will not some day be deemed to be impaired. Those interested in gaps in GAAP depreciation when used for investment analysis will find "Feathered Feast: A Case" interesting, an article by Jack Treynor, 1993, published in Financial Analysts Journal, vol. 19, no. 6 (November/December).

16 For discussion on the Oil Pollution Act of 1990 (OPA 90) see our Annual Report on Form 10-K (pages 21 to 22).

17 There are many factors that determine helicopter values. Different models tend to hold value better than others. Think of cars. One of the most significant factors in value, however, is "component hours." Critical components on helicopters are changed at regular intervals. (This is not like a fan belt which is changed when it breaks or squeaks.) Accordingly, it is often the case that a machine that came off the assembly line several years before another machine of the same model can be worth more by virtue of having fewer hours on key components.

18 We do try to identify key issues in our press release that publishes earnings, but the more complete explanation is in our quarterly report on Form 10-Q that is filed with the Securities and Exchange Commission at the end of each quarter.

Looking Forward:

Those who were surprised or puzzled by our decision to pursue aviation and shipping and port services perhaps missed the "heads up" in the April 2004 letter.

SEACOR owns, operates, merchandises, invests in and finances equipment. Our outlook is that of an investor, operator and merchant; we will acquire assets or pursue activities that compliment our product lines, balance our portfolio, or offer extraordinary value. Our strategic approach to cyclical assets is certainly not every investor's "cup of tea." The flavor of the moment may be single product line businesses, but confining ourselves to one class of asset is, in our view, a limitation on returns and growth and diminishes the value that can be extracted from capital. Careful pursuit of some diversity is our preferred model for investing our capital.[19] It is axiomatic that cyclical activity will have ups and downs. Hopefully all sectors of our business will not travel in the same direction at the same time. Occasionally this can happen but more often than not there should be opportunity in one sector even when others are unexciting.

SEACOR entered 2006 with approximately $685 million of cash.[20] Our first significant debt maturity is in 2009.[21] We are in an excellent position should opportunities arise, but finding them is not easy. Capital is plentiful and many who manage it get paid only if they deploy it. Strategic buyers are hence competing with "private equity," and there are few industries or classes of assets that are beneath the radar of hedge funds and buy-out groups. Interest rates, having climbed from very low levels, are still moderate. In this environment patience is necessary. Our criterion for using cash is not simply putting it to work and adding to earnings. In adding assets or embarking on a combination we look for long term value and beyond whether using capital is in the near term "accretive" to earnings. Intrinsic value may be less than a price that is "accretive" based on today's "weighted average cost of capital" (however defined). Some of our best investments have initially not contributed to earnings and in some instances produced operating losses before realizing their potential. We are always looking but mindful of the fact that one of the hardest things to do in life is, "nothing."

SEACOR employs 5,035 people. Their professionalism and commitment is critical to our success. A safe operation comes before profits. During a year we transport thousands of passengers, thousands of tons of oil and operate in tight quarters by landing on rigs and working alongside them and other large structures in open waters. This requires intense concentration and adherence to protocol. All of our businesses are "24-7." Our tugs, tankers, helicopters, offshore vessels and barges work every day; our environmental group is on call seven days a week, day and night. This alone requires enormous dedication. During the 2005 hurricanes many of my colleagues worked several weeks nonstop, knowing that their home might need repair or may even have been destroyed. This level of dedication is as valuable as our most expensive assets. I would like to thank the many individuals who are the key to sound decisions, serving our customers, and making this business work.

In closing I would also like to offer a special "thank you" to Milt Rose, who retired in 2005 after serving as the President of SEACOR Marine U.S. for 12 years. Milt has always been there and continues to provide wise counsel.

Sincerely,

Charles Fabrikant

Charles Fabrikant
Chairman of the Board

19 Management and the Board believe the tax law in the United States facilitates using capital more efficiently if one has options for investment in different classes of assets. We also believe that diversification of activity creates a more stable base of business and hence should lower the cost of borrowing. Finally, we believe long term growth can be better achieved by having options for deploying capital into classes of equipment that may justify fresh investment rather than being limited to a single product line whose immediate future is dull by virtue of over investment during a cycle of optimism, or at a time when change is slow.

20 Includes cash and cash equivalents and marketable securities (including amounts held in the construction reserve fund) and restricted cash which includes money on deposit in a Title XI reserve fund.

21 We do have Title XI bonds secured by our tankers and these bonds have sinking fund requirements.