

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

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended March 31, 2004 or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-12289

**SEACOR Holdings Inc.**

\_\_\_\_\_  
(Exact Name of Registrant as Specified in Its Charter)

Delaware

\_\_\_\_\_  
(State or Other Jurisdiction of  
Incorporation or Organization)

13-3542736

\_\_\_\_\_  
(IRS Employer  
Identification No.)

11200 Richmond, Suite 400, Houston, Texas

\_\_\_\_\_  
(Address of Principal Executive Offices)

77082

\_\_\_\_\_  
(Zip Code)

(281) 899-4800

\_\_\_\_\_  
(Registrant's Telephone Number, Including Area Code)

Not Applicable

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [ X ] No [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [X] No [ ]

The total number of shares of common stock, par value \$.01 per share, outstanding as of May 3, 2004 was 18,532,868. The Registrant has no other class of common stock outstanding.

# SEACOR HOLDINGS INC. AND SUBSIDIARIES

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# PART I – FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

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

	March 31, 2004	December 31, 2003
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents .....	\$ 237,359	\$ 263,135
Available-for-sale securities .....	58,267	48,856
Trade and other receivables, net of allowance for doubtful accounts of \$3,039 and \$2,800, respectively.....	99,156	108,676
Prepaid expenses and other current assets .....	24,200	23,551
Total current assets .....	<u>418,982</u>	<u>444,218</u>
Investments, at Equity, and Receivables from 50% or Less Owned Companies .....	59,918	59,848
Property and Equipment .....	1,037,134	1,021,703
Less accumulated depreciation.....	<u>(294,571)</u>	<u>(283,487)</u>
Net property and equipment .....	742,563	738,216
Construction Reserve Funds .....	145,876	126,140
Other Assets .....	34,087	34,189
	<u>\$ 1,401,426</u>	<u>\$ 1,402,611</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Current portion of long-term debt .....	\$ 71	\$ 93
Accounts payable and accrued expenses.....	25,137	30,333
Other current liabilities .....	58,768	47,089
Total current liabilities .....	<u>83,976</u>	<u>77,515</u>
Long-Term Debt.....	332,225	332,179
Deferred Income Taxes .....	189,340	190,704
Deferred Income and Other Liabilities.....	27,492	29,858
Minority Interest in Subsidiaries .....	1,864	1,909
Stockholders' Equity:		
Common stock, \$.01 par value, 24,506,240 and 24,466,010 shares issued at March 31, 2004 and December 31, 2003.....	245	245
Additional paid-in capital .....	410,537	408,828
Retained earnings .....	528,420	531,384
Treasury stock, 5,973,672 and 5,884,971 shares at March 31, 2004 and December 31, 2003, at cost.....	(187,267)	(183,531)
Unamortized restricted stock compensation.....	(3,978)	(2,998)
Accumulated other comprehensive income - Cumulative translation adjustments .....	14,911	12,994
Unrealized gain on available-for-sale securities .....	3,661	3,524
Total stockholders' equity .....	<u>766,529</u>	<u>770,446</u>
	<u>\$ 1,401,426</u>	<u>\$ 1,402,611</u>

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

**SEACOR HOLDINGS INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except share data, unaudited)

	Three Months Ended	
	March 31,	
	2004	2003
Operating Revenues.....	\$ 95,974	\$ 96,860
Costs and Expenses:		
Operating expenses .....	75,030	67,100
Administrative and general.....	15,076	14,079
Depreciation and amortization .....	13,961	14,636
	104,067	95,815
Operating Income (Loss) .....	(8,093)	1,045
Other Income (Expense):		
Interest income .....	1,379	2,556
Interest expense .....	(5,378)	(5,506)
Debt extinguishments.....	-	(1,125)
Income from equipment sales or retirements, net .....	3,638	5,147
Derivative income, net.....	79	1,749
Foreign currency transaction gains, net.....	466	535
Marketable securities sale gains, net.....	2,749	2,191
Other, net.....	119	3
	3,052	5,550
Income (Loss) Before Income Tax Expense (Benefit), Minority		
Interest in (Income) Loss of Subsidiaries and Equity in		
Earnings of 50% or Less Owned Companies.....	(5,041)	6,595
Income Tax Expense (Benefit) .....	(1,502)	2,399
Income (Loss) Before Minority Interest in (Income) Loss of		
Subsidiaries and Equity in Earnings of 50% or Less		
Owned Companies .....	(3,539)	4,196
Minority Interest in (Income) Loss of Subsidiaries .....	5	(98)
Equity in Earnings of 50% or Less Owned Companies .....	570	246
Net Income (Loss).....	\$ (2,964)	\$ 4,344
Basic Earnings Per Common Share.....	\$ (0.16)	\$ 0.22
Diluted Earnings Per Common Share .....	\$ (0.16)	\$ 0.22
Weighted Average Common Shares:		
Basic .....	18,467,580	19,775,194
Diluted.....	18,467,580	20,362,120

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

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

	Three Months Ended	
	March 31,	
	2004	2003
Net Cash Provided by Operating Activities.....	\$ 6,370	\$ 8,936
Cash Flows from Investing Activities:		
Purchase of property and equipment.....	(18,818)	(23,431)
Proceeds from equipment sales .....	7,037	69,794
Purchase of available-for-sale securities .....	(21,645)	(14,382)
Proceeds from sale of available-for-sale securities.....	22,717	19,421
Investments in and advances to 50% or less owned companies .....	(12)	(6,000)
Principal payments on notes due from 50% or less owned companies .....	523	627
Dividends received from 50% or less owned companies.....	123	2,197
Net increase in construction reserve funds.....	(19,736)	(2,932)
Cash settlements of derivative transactions .....	(71)	(59)
Other, net.....	-	121
Net cash provided by (used in) investing activities .....	(29,882)	45,356
Cash Flows from Financing Activities:		
Payments of long-term debt.....	(32)	(59,451)
Proceeds from share award plans .....	433	367
Common stock acquired for treasury .....	(4,085)	(14,310)
Dividends paid to minority interest holders .....	(41)	-
Premium paid with 5-3/8% note extinguishment.....	-	(632)
Net cash used in financing activities.....	(3,725)	(74,026)
Effect of Exchange Rate Changes on Cash and Cash Equivalents .....	1,461	(688)
Net Decrease in Cash and Cash Equivalents.....	(25,776)	(20,422)
Cash and Cash Equivalents, Beginning of Period .....	263,135	342,046
Cash and Cash Equivalents, End of Period.....	\$ 237,359	\$ 321,624

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

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

**1. Basis of Presentation**

The condensed consolidated financial information for the three months ended March 31, 2004 and 2003 has been prepared by the Company and was not audited by its independent public accountants. In the opinion of management, all adjustments (consisting of normal recurring adjustments) have been made to present fairly the financial position, results of operations and cash flows of the Company as of and for the three months ended March 31, 2004 and 2003. Results of operations for the interim periods presented are not necessarily indicative of the operating results for the full year or any future periods.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the financial statements and related notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2003.

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

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

**2. Stock and Debt Repurchase Plan**

For the three months ended March 31, 2004, the Company acquired a total of 99,057 shares of its common stock for treasury at an aggregate cost of \$4.1 million pursuant to its stock and debt repurchase plan and, as of March 31, 2004, \$54.1 million of authority remains available to repurchase additional shares of its common stock, its 7.2% Senior Notes Due 2009 ("7.2% Notes") and its 5-7/8% Senior Notes due 2012 ("5-7/8% Notes"). Securities acquired pursuant to the Company's repurchase plan may be conducted from time to time through open market purchases, privately negotiated transactions or otherwise, depending on market conditions.

**3. Commitments and Contingencies**

The Company's remaining capital commitments as of March 31, 2004 for 7 new and 1 used vessel, 308 new dry cargo hopper barges, 24 new chemical tank barges and 3 new helicopters totaled \$128.0 million, with deliveries expected throughout 2004. The Company also holds options to purchase 150 new dry cargo hopper barges for delivery in 2005.

In connection with an examination of the Company's income tax return for fiscal year 2001, the Internal Revenue Service (IRS) has indicated that it may assert a deficiency in the amount of taxes paid based on the manner in which vessel assets were classified for the purpose of depreciation. If the IRS were able to sustain its position, the Company would be required to pay currently certain amounts, which have not yet been determined, that are currently reported as long-term deferred tax obligations. Other than a potential charge for interest related to any such deficiencies, the final resolution of this matter should not have an effect on the Company's results of operations. The Company intends to vigorously defend its position and to contest any deficiency that may be asserted.

**4. Comprehensive Income**

For the three months ended March 31, 2004 and 2003, the Company had total comprehensive losses of \$0.9 million and \$1.7 million, respectively. Other comprehensive losses consisted of gains and losses from foreign currency translation adjustments and unrealized holding gains and losses on available-for-sale securities.

## 5. Earnings Per Share

Basic earnings per common share were computed based on the weighted average number of common shares issued and outstanding during the relevant periods. Diluted earnings per common share were computed based on the weighted average number of common shares issued and outstanding plus all potentially dilutive common shares that would have been outstanding in the relevant periods assuming the vesting of restricted stock grants and the issuance of common shares for stock options and convertible subordinated notes through the application of the treasury stock and if-converted methods. Diluted earnings per common share exclude certain options and share awards, totaling 327,454 and 284,285 in the three months ended March 31, 2004 and 2003, respectively, as the effect of their inclusion in the computation would have been antidilutive.

	Net income (loss)	Average O/S Shares	Per Share
<b>For the Three Months Ended March 31, 2004:</b>			
Basic Earnings Per Common Share.....	\$ (2,964,000)	18,467,580	\$ (0.16)
Effect of Dilutive Securities –			
Options and restricted stock .....	–	–	
Diluted Earnings Per Common Share .....	<u>\$ (2,964,000)</u>	<u>18,467,580</u>	<u>\$ (0.16)</u>
<b>For the Three Months Ended March 31, 2003:</b>			
Basic Earnings Per Common Share.....	\$ 4,344,000	19,775,194	\$ 0.22
Effect of Dilutive Securities –			
Options and restricted stock .....	–	167,739	
Convertible securities.....	167,000	419,187	
Diluted Earnings Per Common Share .....	<u>\$ 4,511,000</u>	<u>20,362,120</u>	<u>\$ 0.22</u>

## 6. Stock Compensation

Under Statement of Financial Accounting Standards No. 123 (“SFAS 123”), companies could either adopt a “fair value method” of accounting for its stock based compensation plans or continue to use the “intrinsic value method” as prescribed by APB Opinion No. 25. The Company has elected to continue accounting for its stock compensation plans using the intrinsic value method. Had compensation costs for the plans been determined using a fair value method consistent with SFAS 123, the Company’s net income (loss) and earnings per share would have been reduced to the following pro forma amounts for the three months ended March 31:

<u>(in thousands, except share and option data)</u>	<u>2004</u>	<u>2003</u>
Net income (loss), as reported .....	\$ (2,964)	\$ 4,344
Add: stock based compensation using intrinsic value method .....	416	487
Less: stock based compensation using fair value method .....	<u>(643)</u>	<u>(752)</u>
Net income (loss), pro forma.....	<u>\$ (3,191)</u>	<u>\$ 4,079</u>
Basic earnings per common share:		
As reported .....	\$ (0.16)	\$ 0.22
Pro forma.....	(0.17)	0.21
Diluted earnings per common share:		
As reported .....	\$ (0.16)	\$ 0.22
Pro forma.....	(0.17)	0.21

The effects of applying a fair value method consistent with SFAS 123 in this pro forma disclosure are not indicative of future events and the Company anticipates that it will award additional stock based compensation in future periods.

## 7. Segment Information

Accounting standards require public business enterprises to report information about each of their operating business segments that exceed certain quantitative thresholds or meet certain other reporting requirements. Operating business segments have been defined as a component of an enterprise about which separate financial information is available and is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. In accordance with Statement of Financial Accounting Standards No 131, the Company's inland river services segment has been separately reported in the segment information presented below due to its increased significance resulting from capital expansion. Certain reclassifications of prior period information have been made to conform to the current period's reportable segment presentation. The Company's basis of measurement of segment profit or loss has not changed from those previously described in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2003.

	Offshore Marine Services	Environmental Services	Inland River Services	Other	Total
<b>For the Three Months Ended March 31, 2004 (in thousands)</b>					
<b>Operating Revenues:</b>					
External customers .....	\$ 65,096	\$ 16,392	\$ 8,576	\$ 5,910	\$ 95,974
Intersegment .....	1,196	—	—	795	1,991
	<u>\$ 66,292</u>	<u>\$ 16,392</u>	<u>\$ 8,576</u>	<u>\$ 6,705</u>	<u>97,965</u>
Eliminations .....					(1,991)
					<u>\$ 95,974</u>
<b>Reportable Segment Profit (Loss):</b>					
Operating profit (loss) .....	\$ (4,378)	\$ 957	\$ 943	\$ (2,610)	\$ (5,088)
Income (loss) from equipment sales or retirements, net .....	3,420	(3)	73	148	3,638
Foreign currency transaction gains (losses), net .....	551	(2)	—	—	549
Other, net .....	5	—	—	—	5
Equity in earnings (losses) of 50% or less owned companies .....	1,336	—	—	(766)	570
	<u>\$ 934</u>	<u>\$ 952</u>	<u>\$ 1,016</u>	<u>\$ (3,228)</u>	<u>(326)</u>
<b>Reconciliation to Loss before Income Taxes, Minority Interest and Equity Earnings:</b>					
Interest income .....					1,379
Interest expense .....					(5,378)
Derivative income, net .....					79
Marketable securities sale gains, net .....					2,749
Corporate expenses .....					(3,005)
Corporate foreign currency transaction losses, net .....					(83)
Other, net .....					114
Equity in earnings of 50% or less owned companies .....					(570)
					<u>\$ (5,041)</u>
<b>For the Three Months Ended March 31, 2003 (in thousands)</b>					
<b>Operating Revenues:</b>					
External customers .....	\$ 80,696	\$ 6,137	\$ 4,840	\$ 5,187	\$ 96,860
Intersegment .....	411	—	—	—	411
	<u>\$ 81,107</u>	<u>\$ 6,137</u>	<u>\$ 4,840</u>	<u>\$ 5,187</u>	<u>97,271</u>
Eliminations .....					(411)
					<u>\$ 96,860</u>
<b>Reportable Segment Profit (Loss):</b>					
Operating profit (loss) .....	\$ 3,312	\$ (399)	\$ 884	\$ (146)	\$ 3,651
Income (loss) from equipment sales or retirements, net .....	5,307	—	—	(160)	5,147
Foreign currency transaction gains, net .....	535	—	—	—	535
Other, net .....	3	—	—	—	3
Equity in earnings (losses) of 50% or less owned companies .....	549	(2)	—	(301)	246
	<u>\$ 9,706</u>	<u>\$ (401)</u>	<u>\$ 884</u>	<u>\$ (607)</u>	<u>9,582</u>
<b>Reconciliation to Income before Income Taxes, Minority Interest and Equity Earnings:</b>					
Interest income .....					2,556
Interest expense .....					(5,506)
Debt extinguishments .....					(1,125)
Derivative income, net .....					1,749
Marketable securities sale gains, net .....					2,191
Corporate expenses .....					(2,606)
Equity in earnings of 50% or less owned companies .....					(246)
					<u>\$ 6,595</u>

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

Certain statements discussed in Item 2 (Management's Discussion and Analysis of Financial Condition and Results of Operations), Item 3 (Quantitative and Qualitative Disclosures About Market Risk) and elsewhere in this Form 10-Q constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements concerning management's expectations, strategic objectives, business prospects, anticipated economic performance and financial condition and other similar matters involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of results to differ materially from any future results, performance or achievements discussed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include, among others: the cyclical nature of the oil and gas industry, adequacy of insurance coverage, currency exchange fluctuations, changes in foreign political, military and economic conditions, the ongoing need to replace aging vessels, dependence of Offshore Marine Services on several customers, dependence of spill response revenue on the number and size of spills and upon continuing government regulation in this area and our ability to comply with such regulation and other governmental regulation, industry fleet capacity, changes in foreign and domestic oil and gas exploration and production activity, competition, vessel-related risks, effects of adverse weather conditions and seasonality on Aviation Services, helicopter related risks, effects of adverse weather and river conditions and seasonality on inland river operations, the level of grain export volume, the effect of fuel prices on barge towing costs, variability in freight rates for inland river barges, changes in Environmental Services "Oil Spill Removal Organization" classification with the Coast Guard, liability in connection with providing spill response services, restrictions imposed by the Shipping Acts on the amount of foreign ownership of the Company's Common Stock, the effect of international economic and political factors in inland river operations and various other matters, many of which are beyond the Company's control and other factors. The words "estimate," "project," "intend," "believe," "plan" and similar expressions are intended to identify forward-looking statements. Forward-looking statements speak only as of the date of the document in which they are made. We disclaim any obligation or undertaking to provide any updates or revisions to any forward-looking statement to reflect any change in our expectations or any change in events, conditions or circumstances on which the forward-looking statement is based.

### Consolidated Results of Operations

(in thousands)	For The Three Months Ended March 31,			
	2004		2003	
	Amount	%	Amount	%
Operating revenues.....	\$ 95,974	100	\$ 96,860	100
Cost and expenses:				
Operating expenses .....	75,030	78	67,100	69
Administrative and general .....	15,076	16	14,079	15
Depreciation and amortization .....	13,961	15	14,636	15
	104,067	108	95,815	99
Operating income (loss) .....	(8,093)	(8)	1,045	1
Other income, net.....	3,052	3	5,550	6
Income (loss) before taxes, minority interest and equity earnings .....	(5,041)	(5)	6,595	7
Income tax expense (benefit) .....	(1,502)	2	2,399	2
Income (loss) before minority interest and equity earnings.....	(3,539)	(3)	4,196	4
Minority interest.....	5	-	(98)	-
Equity earnings .....	570	-	246	-
Net income (loss) .....	\$ (2,964)	(3)	\$ 4,344	4

### Overview

The table above provides an analysis of the Company's consolidated statements of income for each quarter indicated. See "Item 1. Financial Statements – Note 7. Segment Information" included in Part I for additional financial information about the Company's business segments. Additional discussions of results of operations by business segment are presented below. The Company's operations are divided among the following four business segments: "Offshore Marine Services;" "Environmental Services;" "Inland River Services;" and "Other," which primarily includes its "Aviation Services" business. The Company began separately reporting its Inland River Services business as a segment in the first quarter of 2004 due to its increased significance resulting from capital expansion.

Consolidated operating revenues declined 0.9%, or \$0.9 million, to \$96.0 million in the three months ended March 31, 2004 ("Current Year Quarter") from \$96.9 million in the three months ended March 31, 2003 ("Prior Year Quarter"). Offshore Marine Services' operating revenues decreased in the Current Year Quarter primarily as a result of a reduction in the number of vessels the Company operated. This decline was substantially offset by an increase in operating revenues earned by Environmental Services, resulting primarily from an acquisition transaction, and Inland River Services, resulting primarily from barge fleet growth.

In the Current Year Quarter, the Company incurred a consolidated net loss of \$3.0 million as compared to earning consolidated net income of \$4.3 million in the Prior Year Quarter. Weak market conditions in the offshore marine industry continue to adversely affect rates per day work and utilization of Offshore Marine Services' vessels and have resulted in losses during the Current Year Quarter. Aviation Services' operating losses increased in the Current Year Quarter. Costs of operations presently exceed flight revenues earned by helicopters recently acquired and existing helicopters incurred major repairs. The adverse effect on earnings of Offshore Marine Services and Aviation Services' operations was partly offset by an improvement in the operating results of Environmental Services and Inland River Services.

### Operating Revenues by Business Segment and Geographic Region

<i>(in thousands)</i>	For the Three Months Ended March 31,			
	2004		2003	
	Amount	%	Amount	%
<b>Business Segment:</b>				
Offshore Marine Services .....	\$ 66,292	69	\$ 81,107	84
Environmental Services .....	16,392	17	6,137	6
Inland River Services .....	8,576	9	4,840	5
Other .....	6,705	7	5,187	5
Elimination .....	(1,991)	(2)	(411)	—
	<u>\$ 95,974</u>	<u>100</u>	<u>\$ 96,860</u>	<u>100</u>
<b>Geographic Region:</b>				
United States .....	\$ 57,426	60	\$ 53,374	55
North Sea .....	16,972	18	18,487	19
West Africa .....	12,488	13	13,685	14
Asia .....	2,951	3	5,652	6
Latin America & Mexico .....	5,449	6	4,830	5
Other Regions .....	688	—	832	1
	<u>38,548</u>	<u>40</u>	<u>43,486</u>	<u>45</u>
	<u>95,974</u>	<u>100</u>	<u>96,860</u>	<u>100</u>

**Offshore Marine Services.** Operating revenues declined 18%, or \$14.8 million, to \$66.3 million in the Current Year Quarter from \$81.1 million in the Prior Year Quarter due principally to net vessel dispositions. Since commencement of the Prior Year Quarter, Offshore Marine Services sold or terminated the bareboat charter-in of 73 vessels as compared to 11 vessels acquired or bareboat chartered-in. Weak customer demand, the removal of vessels from service for repairs and a net increase in the number of vessels entering bareboat charter-out service upon concluding time charter-out arrangements also resulted in lower operating revenues.

Functional currency (Pounds Sterling) rates per day worked earned by North Sea standby safety vessels remained constant between comparable quarters; however, a strengthening in the Pound Sterling currency relative to the U.S. dollar in the Current Year Quarter increased reported operating revenues of Offshore Marine Services by approximately \$1.9 million. Because Offshore Marine Services pays expenses associated with its North Sea operations in Pounds Sterling, the strengthening of that currency relative to the U.S. dollar did not have a material effect on overall operating income and net income of the Company in the Current Year Quarter or Prior Year Quarter.

**Environmental Services.** Operating revenues increased 167%, or \$10.3 million, to \$16.4 million in the Current Year Quarter from \$6.1 million in the Prior Year Quarter due principally to increased business activities resulting from the acquisition in the fourth quarter of 2003 of West Coast operator Foss Environmental Services Company ("Foss"). Foss, now known as NRC Environmental Services Inc. ("NRCES"), provides oil spill emergency response services, industrial and marine cleaning services, petroleum storage tank removal and site remediation, transportation and disposal of hazardous waste and environmental equipment and product sales.

NRCES managed a significant oil spill in the Current Year Quarter. Future operating revenues of Environmental Services may vary widely as a result of the unpredictability of the number and severity of oils spills it may manage.

**Inland River Services.** Operating revenues increased 77%, or \$3.8 million, to \$8.6 million in the Current Year Quarter from \$4.8 million in the Prior Year Quarter due to the addition of newly constructed and chartered-in dry cargo hopper barges (“barges”), the hauling of greater freight volumes and an increase in cargo stored aboard barges. Freight rates remained generally constant between years.

Since commencing the Prior Year Quarter, Inland River Services operating fleet grew by 113 new barges. The fleet also grew with the charter-in of 180 barges during the last half of 2003. Freight volumes hauled by Inland River Services were higher in the Current Year Quarter for non-grain shipments, exceeding declines in freight volumes hauled of grain products. Storage revenue also increased due to higher levels of fertilizer imports and adverse river conditions during the winter months.

**Other.** Operating revenues increased 29%, or \$1.5 million, to \$6.7 million in the Current Year Quarter from \$5.2 million in the Prior Year Quarter due principally to increased flight hours resulting from helicopter fleet growth in the Company’s Aviation Services business.

### Operating Income (Loss) by Business Segment

<i>(in thousands)</i>	For the Three Months Ended March 31,	
	2004	2003
<b>Business Segment:</b>		
Offshore Marine Services .....	\$ (4,378)	\$ 3,312
Environmental Services .....	957	(399)
Inland River Services .....	943	884
“Other” .....	(2,610)	(146)
Corporate expenses .....	(3,005)	(2,606)
	\$ (8,093)	\$ 1,045

**Offshore Marine Services.** Operating losses totaled \$4.4 million in the Current Year Quarter as compared to operating income of \$3.3 million earned in the Prior Year Quarter. Further declines in rates per day worked and utilization due to weak customer demand has resulted in operating losses in the Current Year Quarter. Results in the Current Year Quarter were not affected by net vessel dispositions, as their combined operating activities approximated break-even.

**Environmental Services.** Operating income totaled \$1.0 million in the Current Year Quarter as compared to \$0.4 million of operating loss in the Prior Year Quarter. An increase in consulting services, additional income earned as a result of the integration of profits of NRCES after the Company’s acquisition of Foss, reduced spill response equipment repair expenses and reduced depreciation expense upon certain assets having reached their depreciable lives resulted in improved operating results in the Current Year Quarter.

**Inland River Services.** Operating income increased 7%, or \$0.1 million, to \$1.0 million in the Current Year Quarter from \$0.9 million in the Prior Year Quarter. Higher fuel and non-grain shipment costs offset increases in operating revenues. The recent charter-in of 180 barges since the end of the Prior Year Quarter, operating expenses of which exceed that for barges owned by the Company, also contributed toward lower operating income margin for Inland River Services.

**Other.** Operating losses increased to \$2.6 million in the Current Year Quarter from \$0.1 million in the Prior Year Quarter. An increase in expenses resulting from the commencement of operation of six new helicopters and major repairs to existing helicopters substantially exceeded the increase between quarters of operating revenues. Operating revenues earned by new helicopters are not presently adequate to defray related operating, administrative and depreciation expenses. New helicopter operating results are expected to improve in future periods with an increase in flight hours.

## Other income, net

<i>(in thousands)</i>	For the Three Months Ended March 31,	
	2004	2003
Net interest expense .....	\$ (3,999)	\$ (2,950)
Debt extinguishment .....	—	(1,125)
Income from equipment sales or retirements, net .....	3,638	5,147
Derivative income, net .....	79	1,749
Foreign currency transaction gains, net .....	466	535
Marketable securities sale gains, net .....	2,749	2,191
Other, net.....	119	3
	<u>\$ 3,052</u>	<u>\$ 5,550</u>

**Net interest expense.** Net interest expense increased 36%, or \$1.0 million, to \$4.0 million in the Current Year Quarter from \$3.0 million in the Prior Year Quarter due primarily to lower invested cash balances and reductions in the associated interest rates. Interest expense savings resulting from the repayment of loans that financed vessel acquisitions and the redemption of the Company's 5-3/8% Convertible Subordinated Notes Due 2006 ("5-3/8% Notes") were offset by the 2003 fourth quarter termination of interest rate swap agreements with respect to the Company's 7.2% Notes and reduced capitalized interest.

**Debt extinguishment.** On February 20, 2003, the Company redeemed the outstanding principal amount of its 5-3/8% Notes that resulted in a write-off of related unamortized deferred financing costs and premium payment totaling \$1.1 million.

**Income from equipment sales or retirements, net.** Income from equipment sales or retirements decreased 29%, or \$1.5 million, to \$3.6 million in the Current Year Quarter from \$5.1 million in the Prior Year Quarter. Equipment sales in the Current Year Quarter resulted primarily from the disposition of 12 vessels, including nine utility vessels. Equipment sales in the Prior Year Quarter resulted primarily from the disposition of 8 vessels, including two large anchor handling towing supply vessels.

**Derivative income, net.** Derivative income decreased 95%, or \$1.6 million, to \$0.1 million in the Current Year Quarter from \$1.7 million in the Prior Year Quarter. Results of the Prior Year Quarter included derivative income of \$2.2 million resulting from the revaluation of costless collars associated with the Company's common stock investment in ENSCO International Incorporated. These costless collars were terminated in the second quarter of 2003.

## Income Taxes

The Company's income tax rate decreased to 29.8% in the Current Year Quarter from 36.4% in the Prior Year Quarter due primarily to tax provisions for state jurisdictions with taxable income and the consequence of non-deductible compensation expenses excluded from the U.S. consolidated tax return.

## Liquidity and Capital Resources

### General

The Company's ongoing liquidity requirements arise primarily from the funding of working capital needs, acquisition, construction or improvement of equipment, repayment of debt obligations, repurchase of common stock and purchase of other investments. The Company's principal sources of liquidity are cash balances, available-for-sale securities, construction reserve funds, cash flows from operations and borrowings under its revolving credit facility although, from time to time, it may issue debt, shares of its common stock, preferred stock, or a combination thereof, or sell vessels and other assets to finance the acquisition of equipment and businesses or make improvements to existing equipment.

As of March 31, 2004, the Company has \$198.7 million available for use under a five year, non-reducing, unsecured revolving credit facility that terminates in February 2007.

### **Operating Activities**

Cash flows provided from operating activities were \$6.4 million in the Current Year Quarter and \$8.9 million in the Prior Year Quarter. The decline in operating cash flows resulted primarily from the decline in net earnings between the comparable periods (see Consolidated Results of Operations discussion above). The impact of the decline in net earnings on operating cash flows was partially offset by reductions in working capital during the Current Year Quarter.

### **Investing Activities**

Cash flows used in investing activities were \$29.9 million in Current Year Quarter as compared to cash flows provided by investing activities of \$45.4 million in the Prior Year Quarter. The decline in investing cash flows resulted primarily from reduced proceeds from equipment sales and increased deposits in construction reserve funds for future purchase of vessels or barges.

The Company's remaining capital commitments as of March 31, 2004 for 7 new and 1 used vessel, 308 new dry cargo hopper barges, 24 new chemical tank barges and 3 new helicopters totaled \$128.0 million, with deliveries expected throughout 2004. The Company also holds options to purchase 150 new dry cargo hopper barges for delivery in 2005.

### **Financing Activities**

Cash flows used in financing activities were \$3.7 million in the Current Year Quarter and \$74.0 million in the Prior Year Quarter. The Company repaid \$59.5 million of its outstanding indebtedness in the Prior Year Quarter with proceeds from the sale in the third quarter of 2002 of its 5-7/8% Notes. In addition, fewer shares of the Company's common stock were acquired between comparable quarters pursuant to the Company's Stock and Debt Repurchase Plan.

During the Current Year Quarter, the Company acquired a total of 99,057 shares of its common stock for treasury at an aggregate cost of \$4.1 million pursuant to its stock and debt repurchase plan, and as of March 31, 2004, \$54.1 million of authority remains available to repurchase additional shares of its common stock, its 7.2% Notes and its 5-7/8% Notes. Securities acquired pursuant to the Company's repurchase plan may be conducted from time to time through open market purchases, privately negotiated transactions or otherwise, depending on market conditions.

### **Financial Position**

Total assets of the Company remained constant at \$1.401 billion between March 31, 2004 and December 31, 2003. The Company's combined cash, available-for-sale securities and construction reserve funds increased 1% to \$441.5 million and represented 32% of total assets at quarter end. Net property and equipment increased 1% to \$742.6 million and represented 53% of total assets at quarter end. Long-term debt remained constant at \$332.2 million between March 31, 2004 and December 31, 2003.

### **Short and Long-Term Liquidity Requirements**

The Company anticipates it will generate positive cash flows from operations in the near term and these cash flows will be adequate to meet the Company's working capital requirements and contribute toward defraying the costs of its capital expenditures. As in the past and in further support of the Company's capital expenditure program, the Company intends to sell vessels, enter into sale and leaseback transactions for vessels, or utilize construction reserve funds, or a combination thereof. To the extent the Company relies on existing cash balances, proceeds from the sale of available-for-sale securities or construction reserve funds, the Company's liquidity would be reduced.

The Company's long-term liquidity is dependent upon its ability to generate operating cash flows sufficient to meet its requirements for working capital, capital expenditures and a reasonable return on shareholders' investment. The Company believes that earning such operating profits will permit it to maintain its access to favorably priced debt, equity and off-balance sheet financing arrangements. With the cyclical nature of the energy business and the recent adverse effect it has had on the Company's results of operations and cash flows, the Company has adopted a strategy of reducing its overall dependency on Offshore Marine Services and reinvesting certain of its capital resources in Inland River Services.

## **Contingencies**

In connection with an examination of the Company's income tax return for fiscal year 2001, the Internal Revenue Service (IRS) has indicated that it may assert a deficiency in the amount of taxes paid based on the manner in which vessel assets were classified for the purpose of depreciation. If the IRS were able to sustain its position, the Company would be required to pay currently certain amounts, which have not yet been determined, that are currently reported as long-term deferred tax obligations. Other than a potential charge for interest related to any such deficiencies, the final resolution of this matter should not have an effect on the Company's results of operations. The Company intends to vigorously defend its position and to contest any deficiency that may be asserted.

## **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

There has been no significant change in the Company's exposure to market risk during the three-month period ended March 31, 2004. For discussion of the Company's exposure to market risk, refer to Item 7A, Quantitative and Qualitative Disclosures about Market Risk, contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2003.

## **ITEM 4. CONTROLS AND PROCEDURES**

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of March 31, 2004. Based on their evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of March 31, 2004.

There has been no change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the Company's fiscal quarter ended March 31, 2004, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## PART II - OTHER INFORMATION

### ITEM 2. CHANGES IN SECURITIES, USE OF PROCEEDS AND ISSUER PURCHASES OF EQUITY SECURITIES

This table provides information with respect to purchases by the Company of shares of its Common Stock during the first fiscal quarter of 2004:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under Plans or Programs
January 1 – 31, 2004	1,100	\$43.56	1,100	\$58,136,000
February 1 – 29, 2004	350	\$41.21	350	\$58,122,000
March 1 – 31, 2004	97,607	\$41.18	97,607	\$54,099,000
Total	99,057	\$41.20	99,057	

### ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

#### A. Exhibits:

- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
- 32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

#### B. Reports on Form 8-K:

- (i) Current Report on Form 8-K, dated February 27, 2004, reporting under Item 12 that, on February 26, 2004, the Company issued a press release announcing its financial results for the fourth quarter and fiscal year ended December 31, 2003.
- (ii) Current Report on Form 8-K, dated March 15, 2004, reporting under Item 5 that, on March 15, 2004, the Company issued a press release announcing the Registrant's name change from SEACOR SMIT Inc. to SEACOR Holdings Inc.

## SIGNATURES

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

SEACOR Holdings Inc.  
(Registrant)

DATE: MAY 10, 2004

By: /s/ Charles Fabrikant  
Charles Fabrikant, Chairman of the Board,  
President and Chief Executive Officer  
(Principal Executive Officer)

DATE: MAY 10, 2004

By: /s/ Randall Blank  
Randall Blank, Executive Vice President,  
Chief Financial Officer and Secretary  
(Principal Financial Officer)

## EXHIBIT INDEX

- 31.1 Certification by the Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
- 31.2 Certification by the Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.
- 32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

I, Charles Fabrikant, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SEACOR Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2004

/s/ Charles Fabrikant

Name: Charles Fabrikant

Title: Chief Executive Officer

I, Randall Blank, certify that:

1. I have reviewed this quarterly report on Form 10-Q of SEACOR Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2004

/s/ Randall Blank  
Name: Randall Blank  
Title: Chief Financial Officer

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

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

(1) the accompanying Quarterly Report on Form 10-Q for the period ending March 31, 2004 as filed with the U.S. Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

Dated: May 10, 2004

/s/ Charles Fabrikant  
Charles Fabrikant  
Chief Executive Officer

A signed original of this written statement by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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

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

(1) the accompanying Quarterly Report on Form 10-Q for the period ending March 31, 2004 as filed with the U.S. Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

Dated: May 10, 2004

/s/ Randall Blank  
Randall Blank  
Chief Financial Officer

A signed original of this written statement by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.