

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2003 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 SMIT 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 November 4, 2003 was 18,691,345. The Registrant has no other class of common stock outstanding.

SEACOR SMIT INC. AND SUBSIDIARIES

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	September 30, 2003	December 31, 2002
ASSETS		
Current Assets:		
Cash and cash equivalents.....	\$ 261,826	\$ 342,046
Available-for-sale securities	56,787	7,984
Trade and other receivables, less doubtful account allowance of \$1,491 and \$1,421 at September 30, 2003 and December 31, 2002, respectively....	116,933	106,120
Prepaid expenses and other	26,171	17,041
Total current assets	<u>461,717</u>	<u>473,191</u>
Investments, at Equity, and Receivables from 50% or Less Owned Companies...	60,672	61,359
Available-for-Sale Securities.....	–	80,641
Property and Equipment.....	977,903	988,443
Less accumulated depreciation.....	(273,150)	(250,475)
Net property and equipment	<u>704,753</u>	<u>737,968</u>
Construction Reserve Funds	109,759	95,260
Other Assets.....	33,729	38,688
	<u>\$ 1,370,630</u>	<u>\$ 1,487,107</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current portion of long-term debt.....	\$ 113	\$ 614
Accounts payable and accrued expenses.....	21,315	31,799
Other current liabilities	33,708	39,008
Total current liabilities	<u>55,136</u>	<u>71,421</u>
Long-term Debt.....	332,213	402,118
Deferred Income Taxes	180,167	174,987
Deferred Gains and Other Liabilities.....	32,413	31,938
Minority Interest in Subsidiaries	2,171	1,692
Stockholders' Equity:		
Common stock, \$.01 par value, 24,394,640 and 24,307,235 shares issued at September 30, 2003 and December 31, 2002, respectively	244	243
Additional paid-in capital	407,045	403,590
Retained earnings.....	533,114	519,430
Less 5,665,895 and 4,386,143 shares held in treasury at September 30, 2003 and December 31, 2002, respectively, at cost.....	(175,097)	(127,587)
Less unamortized restricted stock compensation	(3,564)	(2,217)
Accumulated other comprehensive income:		
Cumulative translation adjustments	4,693	5,750
Unrealized gain on available-for-sale securities.....	2,095	5,742
Total stockholders' equity.....	<u>768,530</u>	<u>804,951</u>
	<u>\$ 1,370,630</u>	<u>\$ 1,487,107</u>

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Operating Revenues	\$ 103,234	\$ 102,137	\$ 305,253	\$ 303,450
Costs and Expenses:				
Operating expenses.....	72,264	64,297	208,786	182,586
Administrative and general.....	13,676	13,434	41,146	38,597
Depreciation and amortization	13,411	14,381	41,755	42,253
	<u>99,351</u>	<u>92,112</u>	<u>291,687</u>	<u>263,436</u>
Operating Income.....	<u>3,883</u>	<u>10,025</u>	<u>13,566</u>	<u>40,014</u>
Other Income (Expense):				
Interest on debt.....	(4,603)	(3,503)	(14,528)	(11,300)
Interest income	1,540	2,043	5,966	6,012
Debt extinguishments	-	(2,338)	(2,091)	(2,338)
Income from equipment sales and retirements, net	2,349	2,321	7,910	5,558
Gain from Chiles Merger	-	19,719	-	19,719
Gain (loss) from derivative transactions, net.....	(443)	(3,251)	3,930	(2,619)
Gain (loss) from foreign currency transactions, net	(1,714)	2,203	115	5,454
Gain from sale of marketable securities, net	2,411	3,377	5,852	2,699
Other, net.....	(15)	4	(759)	4
	<u>(475)</u>	<u>20,575</u>	<u>6,395</u>	<u>23,189</u>
Income Before Income Taxes, Minority Interest and Equity in Earnings of 50% or Less Owned Companies	3,408	30,600	19,961	63,203
Income Tax Expense.....	<u>1,334</u>	<u>10,369</u>	<u>7,329</u>	<u>21,768</u>
Income Before Minority Interest and Equity in Earnings of 50% or Less Owned Companies	2,074	20,231	12,632	41,435
Minority Interest in Income of Subsidiaries.....	(112)	(6)	(451)	(194)
Equity in Earnings of 50% or Less Owned Companies.....	935	1,070	1,503	3,708
Net Income.....	<u>\$ 2,897</u>	<u>\$ 21,295</u>	<u>\$ 13,684</u>	<u>\$ 44,949</u>
Basic Earnings Per Common Share.....	<u>\$ 0.16</u>	<u>\$ 1.06</u>	<u>\$ 0.71</u>	<u>2.24</u>
Diluted Earnings Per Common Share	<u>\$ 0.15</u>	<u>\$ 1.02</u>	<u>\$ 0.71</u>	<u>2.16</u>
Weighted Average Common Shares:				
Basic.....	18,629,664	20,051,743	19,182,564	20,056,435
Diluted.....	18,785,256	21,186,390	19,479,462	21,325,804

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

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

	Nine Months Ended September 30,	
	2003	2002
Net Cash Provided by Operating Activities	\$ 12,230	\$ 52,144
Cash Flows from Investing Activities:		
Purchase of property and equipment	(101,314)	(88,565)
Proceeds from sale of property and equipment.....	103,962	102,019
Purchase of available-for-sale securities.....	(24,469)	(26,028)
Proceeds from sale of available-for-sale securities	58,057	60,871
Investments in and advances to 50% or less owned companies	(7,267)	(22)
Principal payments on notes due from 50% or less owned companies.....	1,318	12,812
Dividends received from 50% or less owned companies	11,569	1,290
Net increase in construction reserve funds	(14,499)	(32,306)
Cash settlements from derivative transactions.....	(171)	(5,655)
Chiles Merger.....	-	25,365
Other, net	957	722
Net cash provided by investing activities	<u>28,143</u>	<u>50,503</u>
Cash Flows from Financing Activities:		
Payments of long-term debt	(71,341)	(87,769)
Premium paid with 5-3/8% note extinguishment	(632)	-
Net proceeds from sale of 5-7/8% Notes.....	-	196,836
Proceeds from issuance of long-term debt.....	-	231
Proceeds from exercise of stock options.....	33	349
Proceeds from employee stock purchase plan.....	670	693
Common stock acquired for treasury.....	(48,108)	(5,602)
Dividends paid to minority interest holders.....	(179)	-
Net cash provided by (used in) financing activities	<u>(119,557)</u>	<u>104,738</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	<u>(1,036)</u>	<u>454</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(80,220)	207,839
Cash and Cash Equivalents, Beginning of Period.....	342,046	180,394
Cash and Cash Equivalents, End of Period	<u>\$ 261,826</u>	<u>\$ 388,233</u>

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

SEACOR SMIT INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

The condensed consolidated financial information for the three and nine-month periods ended September 30, 2003 and 2002 has been prepared by the Company and was not audited by its independent public accountants. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) have been made to present fairly the financial position, results of operations and cash flows of the Company at September 30, 2003 and for all reported periods. 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, 2002.

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

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

2. Changes in Accounting Policies and Estimates

Effective January 1, 2003, the Company adopted Statement of Financial Accounting Standard No. 145, *Rescission of FASB Statements Nos. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections* ("SFAS 145"). This statement, among other matters, eliminates the requirement that gains or losses on the early extinguishment of debt be classified as extraordinary items and provides guidance when gains or losses on the early retirement of debt should or should not be reflected as an extraordinary item. During the nine-month period ended September 30, 2003, the Company redeemed all of the then outstanding principal amount of its 5-3/8% Convertible Subordinated Notes due 2006 (the "5-3/8% Notes") and prepaid all outstanding principal and accrued interest payable to holders of notes issued by the Company in connection with its acquisition of Putford Enterprises Ltd. (the "Putford Notes"). During the three and nine-month periods ended September 30, 2002, the Company redeemed \$11,000,000 principal amount of its 5-3/8% Notes, retired \$13,000,000 principal amount of its 7.2% Senior Notes due 2009 (the "7.2% Notes") and repaid the then outstanding balance of its revolving credit facility maturing in February 2007 (the "Revolver"). In accordance with SFAS 145, the early retirement of the 5 3/8% Notes, the Putford Notes, a portion of the 7.2% Notes and the Revolver resulted in charges against income from continuing operations of \$2,091,000 in the nine-month period ended September 30, 2003 and \$2,338,000 (previously reported as an extraordinary item, net of tax) in the three and nine-month periods ended September 30, 2002. These charges against income consisted of premium payments and the write off of related unamortized deferred financing costs and debt discount.

Effective January 1, 2003, the Company changed its estimated residual value for newly constructed supply, towing supply and anchor handling towing supply vessel assets from 10% to 5%. The effect on income of this change in accounting estimate was not material.

3. Comprehensive Income

For the three-month periods ended September 30, 2003 and 2002, total comprehensive income (loss) was (\$2,236,000) and \$24,750,000, respectively. For the nine-month periods ended September 30, 2003 and 2002, total comprehensive income was \$8,980,000 and \$53,397,000, respectively. Other comprehensive income (loss) in 2003 and 2002 consisted of gains and losses from foreign currency translation adjustments and unrealized holding gains and losses on available-for-sale securities.

4. Long-Term Debt

On February 20, 2003, the Company redeemed all of its then outstanding 5-3/8% Notes in the aggregate principal amount of \$35,319,000. On March 4, 2003, the Company repaid all of its then outstanding 5.467% Subordinated Promissory Notes (the "5.467% Notes") in the aggregate principal amount of \$23,200,000. On April 7, 2003, the Company repaid all of its then outstanding Putford Notes in the aggregate principal amount of £7,500,000 or \$11,705,000. In addition, the Company repaid various other promissory notes in the aggregate principal amount of \$1,117,000 during the nine-month period ended September 30, 2003.

5. Stock and Debt Repurchase Program

During the nine-month period ended September 30, 2003, the Company acquired a total of 1,299,040 shares of its common stock for treasury at an aggregate cost of \$48,108,000. During 2003, the Company's Board of Directors increased the Company's authorization for security repurchases and, as of November 12, 2003, \$65,000,000 of such authority remains available for future purchases. The Company may repurchase its common stock, its 7.2% Notes and its 5-7/8% Senior Notes due 2012 (the "5-7/8% Notes") through open market purchases, privately negotiated transactions or otherwise, depending on market conditions.

6. Earnings Per Share

Basic earnings per share were computed based on the weighted average number of common shares issued and outstanding during the relevant periods. Diluted earnings per 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 share exclude certain options and share awards totaling 242,200 and 329,485 for the three and nine-month periods ended September 30, 2003, respectively, and 168,100 and 69,300 for the three and nine-month periods ended September 30, 2002, respectively, as the effect of their inclusion in the computation would have been antidilutive.

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
	Income	Shares	Per Share	Income	Shares	Per Share
2003						
Basic Earnings Per Share:						
Net income.....	\$ 2,897,000	18,629,664	\$ 0.16	\$ 13,684,000	19,182,564	\$ 0.71
Effect of Dilutive Securities, net of tax:						
Options and restricted stock.....	—	155,592		—	158,704	
Convertible securities.....	—	—		167,000	138,194	
Diluted Earnings Per Share:						
Income available to common stockholders plus assumed conversions.....	\$ 2,897,000	18,785,256	\$ 0.15	\$ 13,851,000	19,479,462	\$ 0.71
2002						
Basic Earnings Per Share:						
Net income.....	\$ 21,295,000	20,051,743	\$ 1.06	\$ 44,949,000	20,056,435	\$ 2.24
Effect of Dilutive Securities, net of tax:						
Options and restricted stock.....	—	237,081		—	268,934	
Convertible securities.....	290,000	897,566		1,155,000	1,000,435	
Diluted Earnings Per Share:						
Income available to common stockholders plus assumed conversions.....	\$ 21,585,000	21,186,390	\$ 1.02	\$ 46,104,000	21,325,804	\$ 2.16

7. 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 and earnings per share would have been reduced to the following pro forma amounts for the three and nine-month periods ended September 30, 2003, and 2002:

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
	Net Income	Earnings Per Share		Net Income	Earnings Per Share	
		Basic	Diluted		Basic	Diluted
2003						
As reported	\$ 2,897,000	\$ 0.16	\$ 0.15	\$ 13,684,000	\$ 0.71	\$ 0.71
Add: stock based compensation included in net income	425,000			1,331,000		
Less: stock based compensation using fair value method...	(709,000)			(2,145,000)		
Pro forma	<u>\$ 2,613,000</u>	<u>\$ 0.14</u>	<u>\$ 0.14</u>	<u>\$ 12,870,000</u>	<u>\$ 0.67</u>	<u>\$ 0.67</u>
2002						
As reported	\$ 21,295,000	\$ 1.06	\$ 1.02	\$ 44,949,000	\$ 2.24	\$ 2.16
Add: stock based compensation included in net income	383,000			1,124,000		
Less: stock based compensation using fair value method...	(882,000)			(2,622,000)		
Pro forma	<u>\$ 20,796,000</u>	<u>\$ 1.04</u>	<u>\$ 1.00</u>	<u>\$ 43,451,000</u>	<u>\$ 2.17</u>	<u>\$ 2.09</u>

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.

8. Commitments and Contingencies

Future capital expenditures, based upon the Company's commitments at September 30, 2003, to purchase 9 newly constructed offshore support vessels, 208 newly constructed inland river hopper barges, and 7 newly constructed helicopters will approximate \$121,400,000. Deliveries to the Company of newly constructed vessels, barges and helicopters are expected over the next 15 months.

In addition, the Company holds options to purchase 11 additional newly constructed helicopters and 183 additional newly constructed inland river hopper barges.

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.

9. New Accounting Pronouncements

In January 2003, the Financial Accounting Standards Board issued Interpretation No. 46, *Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51* ("FIN 46"). This interpretation provides guidance on the identification of, and the financial reporting for, variable interest entities, as defined. Consolidation of variable interest entities is required under FIN 46 only when a company will absorb a majority of the variable interest entity's expected losses, receive a majority of the variable interest entity's expected residual returns, or both. This interpretation applied immediately to a variable interest entity created or acquired after January 31, 2003. For variable entities acquired before February 1, 2003, this interpretation was applied effective July 1, 2003. The adoption of FIN 46 did not have a material impact on the Company's financial position or results of its operations.

In May 2003, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity* ("SFAS 150"). This statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. This statement applied immediately for financial instruments entered into or modified after May 31, 2003. For financial instruments entered into or modified before June 1, 2003, this statement was applied effective July 1, 2003. The adoption of SFAS 150 did not have a material impact on the Company's financial position or results of its operations.

10. Segment Information

Accounting standards require public business enterprises to report information about each of their operating business segments that exceed certain quantitative thresholds or meet certain other reporting requirements. Operating business segments have been defined as a component of an enterprise about which separate financial information is available and is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company's basis of segmentation and its basis of measurement of segment profit have not changed from those previously described in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002, except for a change in certain vessels' estimated residual values as described in Note 2 herein.

The Company's most significant business segment, offshore marine services, is primarily engaged in the operation of a diversified fleet of offshore support vessels serving oil and gas exploration and development activities in the U.S. Gulf of Mexico, the North Sea, West Africa, Asia, Latin America and other international regions. The Company's vessels deliver cargo and personnel to offshore installations, handle anchors for drilling rigs and other marine equipment, support offshore construction and maintenance work, provide standby safety services, and support the Company's environmental service segment's oil spill response activities. From time to time, vessels service special projects, such as well stimulation, seismic data gathering and freight hauling. In addition to vessel services, the Company's offshore marine services business offers logistics services, which include shorebase, marine transport and other supply chain management services also in support of offshore oil and gas exploration and development operations.

The Company's environmental services segment provides contractual oil spill response and other services, both domestically and internationally, to those who store, transport, produce or handle petroleum and certain non-petroleum oils, as required by the Oil Pollution Act of 1990, as amended ("OPA 90"), various state regulations and the United Nations' MARPOL 73/78 regulations. Services include training, consulting and supervision for emergency preparedness, response and crisis management associated with oil or hazardous material spills, fires and natural disasters and maintaining specialized equipment for immediate deployment in response to spills and other events. The Company maintains relationships with numerous environmental sub-contractors to assist with response operations, equipment maintenance and provide trained personnel for deploying equipment in a spill response. When oil spills occur, the Company mobilizes specialized oil spill response equipment, using either its own personnel or personnel under contract, to provide emergency response services for both land and marine oil spills. The Company's clients include tank vessel owner/operators, refiners and terminal operators, exploration and production facility operators, and pipeline operators. In accordance with Statement of Financial Accounting Standards No. 131, the Company's environmental services segment has been separately reported in the segment information presented below due to its recent improvement in operating results. Certain reclassifications of prior period information have been made to conform to the current period's reportable segment presentation.

Other business segments of the Company include inland river hopper barge operations, offshore aviation services and equity in earnings of 50% or less owned companies unrelated to the offshore marine services and environmental services segments. The Company's offshore aviation services commenced operations on December 31, 2002 with the acquisition of Tex-Air Helicopters, Inc. The Company reported its equity in the earnings of Chiles Offshore Inc. ("Chiles"), an owner and operator of jackup drilling rigs, until Chiles' merger with ENSCO International Incorporated ("ENSCO") on August 7, 2002 (the "Chiles Merger").

For the Three Months Ended September 30, 2003	Offshore Marine Services	Environmental Services	Other Business Segments	Total
Operating Revenues :				
External customers	\$ 81,190	\$ 10,611	\$ 11,433	\$ 103,234
Intersegment	4	14	617	635
	<u>\$ 81,194</u>	<u>\$ 10,625</u>	<u>\$ 12,050</u>	<u>103,869</u>
Elimination				(635)
				<u>\$ 103,234</u>
Reportable Segment Profit:				
Operating profit (loss)	\$ 3,432	\$ 3,419	\$ (152)	\$ 6,699
Income from equipment sales and retirements, net	2,347	2	-	2,349
Equity in earnings (losses) of 50% or less owned companies	838	(5)	102	935
Other, net	(1,708)	-	(87)	(1,795)
	<u>\$ 4,909</u>	<u>\$ 3,416</u>	<u>\$ (137)</u>	<u>8,188</u>
Reconciliation to Income before Income Taxes, Minority Interest and Equity Earnings:				
Interest expense				(4,603)
Interest income				1,540
Loss from derivative transactions, net				(443)
Gain from sale of marketable securities, net				2,411
Corporate expenses				(2,816)
Other, net				66
Equity in earnings of 50% or less owned companies				(935)
				<u>\$ 3,408</u>
For the Three Months Ended September 30, 2002				
Operating Revenues :				
External customers	\$ 92,894	\$ 6,172	\$ 3,071	\$ 102,137
Intersegment	66	-	-	66
	<u>\$ 92,960</u>	<u>\$ 6,172</u>	<u>\$ 3,071</u>	<u>102,203</u>
Elimination				(66)
				<u>\$ 102,137</u>
Reportable Segment Profit:				
Operating profit	\$ 11,647	\$ 515	\$ 910	\$ 13,072
Income from equipment sales and retirements, net	2,318	3	-	2,321
Equity in earnings (losses) of 50% or less owned companies	1,882	(1)	(811)	1,070
Other, net	2,180	-	27	2,207
	<u>\$ 18,027</u>	<u>\$ 517</u>	<u>\$ 126</u>	<u>18,670</u>
Reconciliation to Income before Income Taxes, Minority Interest and Equity Earnings:				
Interest expense				(3,503)
Interest income				2,043
Debt extinguishment				(2,338)
Loss from derivative transactions, net				(3,251)
Gain from sale of marketable securities, net				3,377
Gain from Chiles Merger				19,719
Corporate expenses				(3,047)
Equity in earnings of 50% or less owned companies				(1,070)
				<u>\$ 30,600</u>

	Offshore Marine Services	Environmental Services	Other Business Segments	Total
For the Nine Months Ended September 30, 2003				
Operating Revenues :				
External customers	\$ 241,840	\$ 32,272	\$ 31,141	\$ 305,253
Intersegment	15	41	1,345	1,401
	<u>\$ 241,855</u>	<u>\$ 32,313</u>	<u>\$ 32,486</u>	<u>306,654</u>
Elimination				(1,401)
				<u>\$ 305,253</u>
Reportable Segment Profit:				
Operating profit	\$ 12,031	\$ 8,151	\$ 1,584	\$ 21,766
Income (loss) from equipment sales and retirements, net	8,238	83	(411)	7,910
Equity in earnings (losses) of 50% or less owned companies	1,993	(2)	(488)	1,503
Other, net	254	-	(1,277)	(1,023)
	<u>\$ 22,516</u>	<u>\$ 8,232</u>	<u>\$ (592)</u>	<u>30,156</u>
Reconciliation to Income before Income Taxes, Minority Interest and Equity Earnings:				
Interest expense				(14,528)
Interest income				5,966
Debt extinguishment				(2,091)
Gain from derivative transactions, net				3,930
Gain from sale of marketable securities, net				5,852
Corporate expenses				(8,200)
Other, net				379
Equity in earnings of 50% or less owned companies				(1,503)
				<u>\$ 19,961</u>
For the Nine Months Ended September 30, 2002				
Operating Revenues :				
External customers	\$ 279,149	\$ 16,690	\$ 7,611	\$ 303,450
Intersegment	200	-	-	200
	<u>\$ 279,349</u>	<u>\$ 16,690</u>	<u>\$ 7,611</u>	<u>303,650</u>
Elimination				(200)
				<u>\$ 303,450</u>
Reportable Segment Profit:				
Operating profit	\$ 45,055	\$ 841	\$ 1,921	\$ 47,817
Income from equipment sales and retirements, net	5,554	4	-	5,558
Equity in earnings (losses) of 50% or less owned companies	5,194	(26)	(1,460)	3,708
Other, net	5,442	-	16	5,458
	<u>\$ 61,245</u>	<u>\$ 819</u>	<u>\$ 477</u>	<u>62,541</u>
Reconciliation to Income before Income Taxes, Minority Interest and Equity Earnings:				
Interest expense				(11,300)
Interest income				6,012
Debt extinguishment				(2,338)
Loss from sale of derivative transactions, net				(2,619)
Gain from sale of marketable securities, net				2,699
Corporate expenses				(7,803)
Gain from Chiles Merger				19,719
Equity in earnings of 50% or less owned companies				(3,708)
				<u>\$ 63,203</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: general economic and business conditions, the cyclical nature of our business, adequacy of insurance coverage, currency exchange fluctuations, changes in foreign political, military and economic conditions, the ongoing need to replace aging vessels, 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, regulatory initiatives, customer preferences, marine-related risks, effects of adverse weather conditions and seasonality on the Company's offshore aviation business, helicopter related risks, effects of adverse weather and river conditions and seasonality on inland river operations, the level of grain export volume, variability in freight rates for inland river barges and various other matters, many of which are beyond the Company's control and other factors as are described at the end of Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operations) of the Company's Form 10-K for the fiscal year ended December 31, 2002. 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.

Overview

Through its subsidiaries and joint venture arrangements, the Company's principal business segment is primarily dedicated to operating a diversified fleet of offshore support vessels that service oil and gas exploration and production facilities mainly in the U.S. Gulf of Mexico, the North Sea, Latin America, West Africa and Asia. The Company's vessels deliver cargo and personnel to offshore installations, handle anchors for drilling rigs and other marine equipment, support offshore construction and maintenance work and provide standby safety support and oil spill response services. From time to time, vessels service special projects, such as well stimulation, seismic data gathering and freight hauling. In addition to vessel services, the Company's offshore marine service business offers logistics services, which include shorebase, marine transport and other supply chain management services also in support of offshore oil and gas exploration and production operations.

The Company's environmental services segment provides contractual oil spill response and other services, both domestically and internationally, to those who store, transport, produce or handle petroleum and certain non-petroleum oils, as required by OPA 90, various state regulations and the United Nations' MARPOL 73/78 regulations. Services include training, consulting and supervision for emergency preparedness, response and crisis management associated with oil or hazardous material spills, fires and natural disasters and maintaining specialized equipment for immediate deployment in response to spills and other events.

Other business segments of the Company include inland river hopper barge operations, offshore aviation services and investments in various other businesses.

Offshore Marine Services

The Company's offshore marine service segment provides marine transportation, logistics and related services primarily dedicated to supporting oil and gas exploration and production.

Since its inception, the Company has actively monitored opportunities to buy and sell vessels to maximize the overall utility and flexibility of its fleet. Fleet growth has occurred principally through the purchase of vessels from competitors, expansion of equity holdings in joint ventures that own and charter-in vessels and from the construction of new equipment. In support of fleet expansion, the Company has deposited proceeds from many of its vessel sales into construction reserve fund accounts for the express purposes of acquiring newly constructed U.S.-flag vessels in order to qualify for deferral of taxable gains realized from the vessel sales.

The offshore marine service segment's operating revenues are influenced primarily by the number of vessels owned and bareboat and time chartered-in by the Company, rates per day worked and utilization of the Company's fleet. Utilization for a vessel over a period of time is the ratio of number of days worked by the vessel to the total calendar days available during such period. The rate per day worked for a vessel over a period of time is the ratio of aggregate time charter revenue earned by the vessel to the number of days worked by such vessel during the period.

Rates per day worked and utilization of the Company's fleet are a function of demand for and availability of marine vessels, which are closely aligned with the level of exploration and development of offshore areas. Exploration and drilling activities are influenced by a number of factors, including the current and anticipated future prices of oil and natural gas, the expenditures by oil and gas companies for exploration and development and the availability of drilling rigs. In addition, demand for drilling services remains dependent on a variety of political and economic factors that are also beyond the Company's control, including worldwide demand for oil and natural gas driven by economic activity, the ability of the Organization of Petroleum Exporting Countries ("OPEC") to set and maintain production levels and pricing, the level of production of non-OPEC countries and the policies of various governments regarding exploration and development of their oil and natural gas reserves.

Depressed offshore rig utilization that began in March 2001 has continued into the first nine months of 2003 due to reduced exploration activities, particularly in the U.S. Gulf of Mexico and North Sea. Drilling activity has traditionally been linked to the cash flow of oil and gas companies, which is directly related to oil and natural gas commodity prices. High oil and natural gas prices have historically resulted in greater drilling activity, which increases the demand for the Company's services. However, the strong cash flows reported by oil and gas companies in 2003 have yet to produce an increase in drilling activity. The Company has experienced less demand for offshore services in the first three quarters of 2003 than during the same period in 2002.

The table below sets forth rates per day worked and utilization data for the Company's offshore marine fleet during the periods indicated.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Rates Per Day Worked (\$): ⁽¹⁾ ⁽²⁾ ⁽³⁾				
Anchor Handling Towing Supply	12,650	13,144	12,280	12,778
Crew	3,257	3,200	3,188	3,239
Geophysical, Freight and Other ⁽⁴⁾	—	—	—	—
Mini-Supply	2,998	2,918	3,041	2,807
Standby Safety	6,733	6,268	6,613	5,817
Supply and Towing Supply	7,470	8,153	7,612	8,032
Utility and Line Handling	1,774	1,761	1,778	1,752
Overall Utilization (%): ⁽¹⁾ ⁽³⁾				
Anchor Handling Towing Supply	76.9	72.9	78.8	79.8
Crew	75.9	76.3	78.3	81.1
Geophysical, Freight and Other ⁽⁴⁾	—	—	—	—
Mini-Supply	91.6	90.0	89.3	87.2
Standby Safety	89.9	88.2	87.0	87.0
Supply and Towing Supply	82.8	88.9	81.4	88.9
Utility and Line Handling	58.7	62.4	56.8	61.4
Overall Fleet	77.5	77.7	77.2	79.1

(1) Rates per day worked and overall utilization figures exclude owned vessels that are bareboat chartered-out, minority-owned joint venture vessels and managed vessels and include vessels bareboat and time chartered-in by the Company.

(2) Revenues for certain of the Company's vessels included in the calculation of rates per day worked, primarily its North Sea fleet, are earned in foreign currencies, primarily Pounds Sterling, and have been converted to U.S. dollars at the weighted average exchange rate for the periods indicated.

(3) Statistics exclude vessels retired from service in the applicable periods, comprised of 12 utility vessels at September 30, 2003.

(4) Vessels in this class were out of service during the reported periods.

From time to time, the Company bareboat or time charters-in vessels. A bareboat charter is a vessel lease under which the charterer (i.e., the lessee) is responsible for all crewing, insurance and other operating expenses, as well as the payment of bareboat charter hire to the providing entity. A time charter is a lease under which the entity providing the vessel is responsible for all crewing, insurance and other operating expenses and the charterer pays only a time charter hire fee to the providing entity. Operating revenues for vessels owned and bareboat or time chartered-in are earned at similar rates. However, operating expenses associated with vessels that are bareboat and time chartered-in include charter hire expenses that, in turn, are included in vessel expenses, but exclude depreciation expense.

The Company earns operating revenues primarily from the time or bareboat charter-out of vessels, which are owned or bareboat or time chartered-in. Operating revenues earned from the bareboat charter-out of vessels are generally lower than for vessels time-chartered out because vessel expenses, normally recovered through charter revenue, are paid by the charterer under a bareboat charter. At various times, the Company also manages vessels for other owners and earns a fee for this service.

The table below sets forth the Company's offshore marine fleet structure at the dates indicated:

Fleet Structure	At September 30,	
	2003	2002
Domestic:		
Owned	99	120
Bareboat Chartered-In ⁽¹⁾	35	34
Pooled.....	1	—
Joint Venture ⁽²⁾	3	3
Foreign:		
Owned	83	83
Bareboat Chartered-In	3	4
Managed.....	5	6
Joint Venture ⁽²⁾	50	50
Total Fleet.....	<u>279⁽³⁾</u>	<u>300⁽³⁾</u>

- (1) Resulting primarily from sale and leaseback transactions of prior periods.
(2) At September 30, 2003, 47 joint venture vessels participated in joint ventures in which the Company owned less than a majority interest and 6 participated in joint ventures in which the Company owned the majority interest.
(3) Fleet count at September 30, 2003 and 2002 excludes 12 and 13 utility vessels, respectively, that have been retired from service.

Vessel operating expenses are primarily a function of fleet size, fleet composition and vessel utilization. The most significant vessel operating expense items are wages paid to marine personnel, maintenance and repairs and marine insurance. Maintenance and repair expenses, including drydocking and main engine overhaul, are expected to rise over time as the mix of vessels in our fleet trends toward larger, more powerful equipment in response to the changing needs of the customers that we serve and challenges of the markets in which we compete. In addition to variable vessel operating expenses, the offshore marine service segment incurs fixed charges related to the depreciation of property and equipment and charter-in hire costs. Depreciation is a significant operating expense; vessel depreciation is the most significant component.

Drydocking repairs, which are a substantial component of a vessel's maintenance costs, are expensed when incurred. Under applicable maritime regulations, vessels must be drydocked twice in a five-year period, or once in a two-year period in the case of crewboats, for inspection by regulatory authorities. The Company follows an asset management strategy pursuant to which it defers drydocking of selected vessels during periods of weak market conditions and low rates per day worked. Should the Company undertake a large number of drydockings in a particular quarter or put through survey a disproportionate number of older and/or larger vessels, which typically have higher drydocking costs, comparative results may be affected. For the nine-month periods ended September 30, 2003 and 2002, drydocking costs totaled \$7.6 million and \$10.6 million, respectively. During those same periods, the Company completed the drydocking of 54 and 66 vessels, respectively.

The number of main propulsion engine overhauls performed in a period particularly affects engine repair expenses, which are also a significant component of the Company's vessel maintenance costs. In recent years, the Company has begun to replace older vessels with newer vessels that have more powerful main propulsion engines, which may result in higher repair expenses. This altered fleet mix has occurred primarily through the Company's introduction of new aluminum-constructed Fast Support Intervention Vessels, the main propulsion engines of which are as large as 9,000 horsepower, exceeding the horsepower of older crew vessels that they replaced by as much as 7,000 horsepower. Should engine repair expenses, particularly those related to main engine overhauls, increase in a quarter, comparative results may be affected. For the nine-month periods ended September 30, 2003 and 2002, main propulsion engine repair expenses totaled \$10.7 million and \$11.0 million, respectively.

The Company believes that the continuing threat of international terrorist activity and past economic and political uncertainties have resulted in significant increases in its cost to insure against liabilities to other parties and damage to its vessels and other property. In the nine-month period ended September 30, 2003, overall insurance expenses have not risen as compared to the nine-month period ended September 30, 2002 as lower deductible costs, resulting from fewer insurance claims, have offset higher premium costs. There can be no assurance that in the future the Company will be able to maintain its existing coverage or that it will not experience further substantial increases in premiums.

At September 30, 2003, the Company had 34 vessels bareboat chartered-in pursuant to sale and leaseback transactions that have been accounted for as operating leases for financial reporting purposes. Income realized from the sale component of these transactions has been deferred to the extent of the present value of minimum lease payments and is being amortized to income as reductions in rental expense over the applicable lease terms. Charter-in expense, net of deferred income amortization, resulting from sale and leaseback transactions totaled \$11.2 million and \$10.1 million in each of the nine-month periods ending September 30, 2003 and 2002, respectively.

At September 30, 2003, 12 of the Company's U.S. utility vessels were considered retired from service and are being marketed for sale. These vessels range in length from 110 feet to 120 feet, average 24 years of age and had an aggregate carrying value of \$0.7 million at September 30, 2003. Vessels retired from service have been excluded from the Company's utilization statistics and fleet counts. Also at September 30, 2003, the Company had 27 additional U.S. vessels out of service, of which 26 require drydocking prior to re-entering operations. Out of service vessels included 13 utility, 9 crew, 2 supply, and 1 each of the anchor handling towing supply, geophysical, and mini-supply classes.

A portion of the Company's revenues and expenses, primarily related to its North Sea operations, are received or paid in foreign currencies, primarily pounds sterling. For financial reporting purposes, these amounts are translated into U.S. dollars at the weighted average exchange rates during the relevant period. Overall, approximately 54% of the Company's offshore marine operating revenues was derived from foreign operations (in U.S. dollars or foreign currencies) in the nine-month period ended September 30, 2003.

The Company's foreign offshore marine operations are subject to various risks inherent in conducting business in foreign nations. These risks include, among others, political instability, potential vessel seizure, nationalization of assets, terrorist attacks, fluctuating currency values, hard currency shortages, controls of currency exchange, the repatriation of income or capital, import-export quotas and other forms of public and governmental regulation, all of which are beyond the control of the Company. Although, historically, the Company's operations have not been affected materially by such conditions or events, it is not possible to predict whether any such conditions or events might develop in the future. The occurrence of any one or more of such conditions or events could have a material adverse effect on the Company's financial condition and results of operations.

Operating results are also affected by the Company's participation in various joint ventures. The Company has formed or acquired interests in offshore marine joint ventures with various third parties in order to enter new areas of operation and enhance its marketing capabilities. These arrangements allow the Company to expand its fleet while diversifying the risks and reducing the capital outlays associated with independent fleet expansion. The Company also owns a majority interest in a logistics joint venture whose mission has been to provide shorebase, marine transport and other supply chain management services in support of offshore exploration and production operations, principally in the U.S. Gulf of Mexico.

Environmental Services

The Company's environmental services business provides contractual oil spill response and other services, both domestically and internationally, to companies that store, transport, produce or handle petroleum and certain non-petroleum oils, as required by OPA 90, as amended, various state regulations and the United Nations' MARPOL 73/78 regulations. Services include training, consulting and supervision for emergency preparedness, response and crisis management associated with oil or hazardous material spills, fires and natural disasters and maintaining specialized equipment for immediate deployment in response to spills and other events.

A recent acquisition completed by the Company has further diversified its environmental services to include emergency response, site remediation, industrial and marine contract cleaning, salvage support, hazardous waste management services, and environmental equipment and product sales to both the private and public sectors on the West Coast of the United States.

The Company charges a retainer fee to its customers for ensuring by contract the availability (at predetermined rates) of its response services and equipment. Spill response revenues and related operating profits are dependent on the magnitude and the number of spill responses within a given period. Consequently, spill response revenues and operating profits are subject to material variation between comparable periods, and the revenues from any one period is not indicative of a trend or of anticipated results in future periods. The Company also charges consulting fees to customers for developing customized training programs, planning and participating in customer oil spill response drill programs and response exercises as well as other special projects.

Operating costs for environmental services primarily include salaries and related benefits for operating personnel, payments to sub-contractors, equipment maintenance and depreciation. These expenses are primarily a function of regulatory requirements and the level of retainer business.

Inland River Business

The Company's inland river barge business earns operating revenues primarily from voyage affreightments under which customers are charged for a committed space to transport cargo for a specific time from a point of origin to a destination at an established price per ton of cargo transported. The Company also earns operating revenues while cargo is stored aboard barges and when barges are chartered-out to third parties. Barge operating expenses are typically differentiated between those directly related to voyages and all other barge operating costs. Voyage operating expenses primarily include towing, switching, fleeting and cleaning costs; whereas, non-voyage operating expenses include such costs as repairs, insurance and depreciation.

A majority of the barges owned by the Company and certain of those managed for third parties participate in two pooling arrangements. Pursuant to these pooling arrangements, operating revenues and voyage expenses are pooled, and the net results are allocated to each participating barge owner.

At September 30, 2003, the Company controlled 735 barges, including 332 directly owned, 231 managed for third parties, 166 chartered-in and 6 owned by a 50% owned partnership.

Offshore Aviation Services

The Company's offshore aviation services business derives the majority of its operating revenues from helicopter transportation services provided primarily to oil and gas companies operating in the U.S. Gulf of Mexico. The number and type of helicopters in the Company's fleet and their utilization and rates of hire are the primary drivers of this business segment's operating revenues. Rates and utilization are a function of demand for and availability of helicopters, which are closely aligned with the level of offshore production activity. Offshore production activities are influenced by a number of factors, including the current and anticipated future prices of oil and natural gas and the expenditures by oil and gas companies for management of their offshore production facilities. In addition, demand for oilfield services remains dependent on a variety of political and economic factors that are also beyond the Company's control, including worldwide demand for oil and natural gas, the ability of the OPEC to set and maintain production levels and pricing, the level of production of non-OPEC countries and the policies of various governments regarding exploration and development of their oil and natural gas reserves. Operating expenses are primarily a function of fleet size and utilization levels, and operating expenses primarily consist of wages and related benefits, insurance, repairs and maintenance and equipment leases.

At September 30, 2003, the Company's offshore aviation services fleet included 36 helicopters, including 19 directly owned, 16 leased and 1 managed for third parties.

Other Activities

Other activities primarily relate to the Company's 50% or less equity interest in a marine telecommunications company, a handy-max bulk carrier joint venture, and a developer of ship brokerage software that supports the shipping industry. In addition, the Company made a \$6.0 million minority equity investment on March 31, 2003 in a company that designs and manufactures water treatment systems for sale and lease.

The Company, from time to time, may make other investments in related or unrelated businesses.

Results of Operations

Offshore Marine Services

Operating revenues. Operating revenues declined \$11.8 million and \$37.5 million in the three and nine-month periods ended September 30, 2003, respectively, as compared to the three and nine-month periods ended September 30, 2002. Between comparable three and nine-month periods, reduced operating revenues resulted primarily from declines of (i) \$5.9 million and \$15.0 million, respectively, from net vessel dispositions, (ii) \$3.6 million and \$12.8 million, respectively, from lower rates per day worked, (iii) \$1.8 million and \$10.4 million, respectively, from fewer days worked and (iv) \$0.3 million and \$1.5 million, respectively, from a net increase in the number of vessels entering bareboat charter-out service upon concluding time charter-out arrangements. Between comparable three and nine-month periods, these declines in operating revenues were partially offset by an increase of \$0.8 million and \$3.9 million, respectively, from the strengthening of the pound sterling currency relative to the U.S. dollar.

Operating revenues were significantly affected by changes in the Company's owned and bareboat chartered-in fleet. Since the beginning of 2002, the Company sold 52 vessels, including 17 vessels subsequently chartered-in pursuant to sale and lease-back transactions, terminated the charter-in of 8 vessels, removed 18 vessels from service and reassigned certain vessels from time charter-out arrangements to bareboat charter-out service. During this same time period, 20 vessels were acquired and 4 vessels, not previously owned, were chartered-in.

Operating profit. Operating profit decreased \$8.2 million and \$33.0 million in the three and nine-month periods ended September 30, 2003 as compared to the three and nine-month periods ended September 30, 2002 due primarily to those factors affecting operating revenues, higher vessel-related wages resulting from raises in compensation provided to certain of the Company's international seamen and higher repair costs for vessel hulls and winch and deck equipment. Nine-month results also included higher charter-in expenses associated with additional sale and leaseback transactions. Lower drydock expenses from fewer vessels undergoing repair and lower insurance claim costs partially offset these declines.

Income from equipment sales or retirements, net. Income from equipment sales or retirements remained constant in the three-month period ended September 30, 2003 as compared to the three-month period ended September 30, 2002 but increased \$2.7 million in the nine-month period ended September 30, 2003 as compared to the nine-month period ended September 30, 2002. In comparable periods, the Company sold approximately the same number of vessels. Nine-month results improved due to a decline in income deferral resulting from fewer sale and leaseback transactions.

Equity in earnings of 50% or less owned companies. Equity earnings decreased \$1.0 million and \$3.2 million in the three and nine-month periods ended September 30, 2003 as compared to the three and nine-month periods ended September 30, 2002. Results for the quarter declined due to a charge against equity earnings for U.S. income taxes payable on a dividend received from a foreign joint venture and the continued weak demand for vessels in Trinidad. Nine-month results additionally declined due to lower profits earned by the Company's joint ventures operating in Asia and the North Sea. Two vessels operating in Asia were sold at a loss and significant repairs were performed on a North Sea joint venture vessel.

Other, net. The Company recognized other losses of \$1.7 million in the three-month period ended September 30, 2003 as compared to other income of \$2.2 million in the comparable three-month period ended September 30, 2002. Other income decreased \$5.2 million in the nine-month period ended September 30, 2003 as compared the nine-month period September 30, 2002. In all reported periods, other income or loss primarily includes the effect of currency exchange rate changes on intercompany loans and other transactions denominated in currencies other than the functional currency of various SEACOR subsidiaries.

Environmental Services

Operating revenues. Operating revenues increased \$4.5 million and \$15.6 million in the three and nine-month periods ended September 30, 2003 as compared to the three and nine-month periods ended September 30, 2002 due primarily to spill response, spill management, containment, and remediation services provided in Iraq during the second and third quarters of 2003. The Company's work in Iraq was completed on October 5, 2003. The Company seeks to be retained in future periods for additional environmental services in Iraq.

Operating profit. Operating profits increased \$2.9 million and \$7.3 million in the three and nine-month periods ended September 30, 2003 as compared to the three and nine-month periods ended September 30, 2002 due primarily to the factors affecting operating revenues.

Other Business Segments

Operating revenues. Operating revenues increased \$9.0 million and \$24.9 million in the three and nine-month periods ended September 30, 2003 as compared to the three and nine-month periods ended September 30, 2002 due to the Company's commencement of offshore aviation services on January 1, 2003 and the addition of newly constructed and chartered-in barges to its fleet.

Operating profit. Operating profit decreased \$1.1 million and \$0.3 million in the three and nine-month periods ended September 30, 2003 as compared to the three and nine-month periods ended September 30, 2002. An improvement in profits of the inland river business due to fleet growth was offset by start-up costs associated with the charter-in of 166 additional barges during the third quarter of 2003. Offshore aviation operations incurred operating losses in the three and nine-month periods ended September 30, 2003 due primarily to low utilization of its helicopter fleet, particularly in the third quarter of 2003.

Equity in earnings (losses) of 50% or less owned companies. Equity losses decreased \$0.9 million and \$1.0 million in the three and nine-month periods ended September 30, 2003 as compared to the three and nine-month periods ended September 30, 2002. Results of the Company's marine telecommunication joint venture improved between years. Results in the second and third quarters of 2002 included non-recurring impairment charges relating to the Company's investment in a developer of ship brokerage software. These improvements in income were partially offset by the fact that the Company ceased to report equity in the earnings of Chiles following its merger with ENSCO on August 7, 2002.

Other, net. Other expenses increased \$1.3 million in the nine-month period ended September 30, 2003 as compared to the nine-month period ended September 30, 2002. During the second quarter of 2003, the Company recognized an impairment charge with respect to an investment accounted for using the cost method.

Other

Interest income and Interest expense. Net interest expense increased \$1.6 million and \$3.3 million in the three and nine-month periods ended September 30, 2003 as compared to the three and nine-month periods ended September 30, 2002 due to a net increase in the Company's outstanding indebtedness primarily resulting from the sale of its \$200.0 million aggregate principal amount 5-7/8% Notes in the third quarter of 2002.

Debt extinguishment. During the nine-month period ended September 30, 2003, the Company redeemed all of the then outstanding principal amount of its 5-3/8% Notes and prepaid all outstanding principal and accrued interest payable to holders of the Putford Notes that resulted in the recognition of debt extinguishment expense totaling \$2.1 million. During the three and nine-month periods ended September 30, 2002, the Company redeemed \$11.0 million principal amount of its 5-3/8% Notes, retired \$13.0 million principal amount of its 7.2% Notes and repaid the then outstanding balance of its Revolver that resulted in the recognition of debt extinguishment expense totaling \$2.3 million.

Gains (losses) from derivative transactions, net. Net gains from derivative transactions increased \$2.8 million and \$6.5 million in the three and nine-month periods ended September 30, 2003, respectively, as compared to the three and nine-month periods ended September 30, 2002. Results in 2002 included non-recurring losses from the revaluation of U.S. Treasury rate locks. Three-month results also included a decline in income attributable to the revaluation of interest rate swap and costless collar agreements.

Gains (losses) from sale of marketable securities, net. Net gains from the sale of marketable securities increased \$3.2 million in the nine-month period ended September 30, 2003, as compared to the nine-month period ended June 30, 2002 due primarily to increased equity security sale gains and reduced net losses on a mark to market basis of equity security short sales.

Gain from Chiles Merger. The Company recognized a gain of \$19.7 million in the three and nine-month periods ended September 30, 2002 as a result of the Chiles Merger.

Liquidity and Capital Resources

Cash and Marketable Securities

During the nine-month period ended September 30, 2003, the Company's cash and cash equivalents, available-for-sale securities and construction reserve funds decreased by \$97.5 million to \$428.4 million. At September 30, 2003, cash and cash equivalents totaled \$261.8 million, available-for-sale securities totaled \$56.8 million and construction reserve funds totaled \$109.8 million.

Cash Generation and Deployment

General. The Company's ongoing liquidity requirements arise primarily from its need to service debt, fund working capital, acquire, construct or improve equipment and make other investments. The Company's principal sources of liquidity are cash flows from operations and borrowings under its revolving credit facility although, from time to time, it may issue shares of common stock, preferred stock, debt or a combination thereof, or sell vessels to finance the acquisition of equipment and businesses or make improvements to existing equipment. The Company's cash flow levels are determined by the size of the Company's offshore marine fleet, rates per day worked and overall utilization of the Company's offshore marine vessels and the operations of its environmental services, inland river and offshore aviation business segments.

The volatility of oil and gas prices, worldwide economic activity and development, the level of offshore production and exploration activity and other factors beyond the Company's control will directly affect the Company's offshore marine and offshore aviation businesses. A curtailment of drilling activity in U.S. Gulf of Mexico beginning in March 2001 has adversely affected demand and rates per day worked for most vessel types in the Company's U.S. offshore marine fleet. Although oil and natural gas prices have improved in 2003, this has yet to produce an increase in U.S. Gulf of Mexico drilling activity. The Company cannot predict whether, or to what extent, market conditions will improve, remain stable or deteriorate. Should present demand and rates per day worked for the Company's U.S. vessels remain unchanged or further decline, results of operations and cash flows will be adversely affected.

Cash flows provided from operating activities. Net cash flows provided from operating activities were \$12.2 million and \$52.1 million in the nine-month periods ended September 30, 2003 and 2002, respectively. Recent declines in operating cash flows have resulted primarily from lower utilization and rates per day worked for offshore support vessels.

Cash flows provided by or used in investing activities. Net cash flows provided by investing activities were \$28.1 million and \$50.5 million in the nine-month periods ended September 30, 2003 and 2002, respectively.

During the nine-month period ended September 30, 2003, cash flows were provided by investing activities primarily from (i) the sale of equipment, primarily consisting of 26 offshore support vessels that included two large North Sea anchor handling towing supply vessels, for \$104.0 million, (ii) the sale of available-for-sale securities for \$58.1 million and (iii) the receipt of dividends and promissory note principal repayments from 50% or less owned companies totaling \$12.9 million. These increases in cash flows were partially offset by uses of cash flows in investing activities primarily to (i) construct offshore support vessels and inland river barges and acquire other equipment for \$101.3 million, (ii) purchase available-for-sale securities for \$24.5 million, (iii) acquire a minority equity interest in a company that designs and manufactures water treatment systems for sale or lease and make additional advances to joint ventures totaling \$7.3 million and (iv) increase construction reserve fund balances by \$14.5 million.

During the nine-month period ended September 30, 2002, cash flows were provided by investing activities primarily from (i) the sale of equipment for \$102.0 million, (ii) the sale of available-for-sale securities for \$60.9 million, (iii) the receipt of dividends and promissory note principal repayments from 50% or less owned companies for \$14.1 million and (iv) proceeds from the Chiles Merger of \$25.4 million. These increases in cash flows were partially offset by uses of cash flows in investing activities primarily to (i) construct offshore support vessels for \$88.6 million, (ii) increase construction reserve fund balances by \$32.3 million, (iii) acquire available-for-sale securities for \$26.0 million and (iv) settle derivative transactions of \$5.7 million.

Cash flow used in financing activities. Net cash flows of \$119.6 million were used in financing activities in the nine-month period ended September 30, 2003 as compared to net cash flows of \$104.7 million provided by financing activities in the nine-month period ended September 30, 2002.

During the nine-month period ended September 30, 2003, cash flows were used in financing activities primarily to (i) repay \$71.3 million of outstanding indebtedness, including \$35.3 million of 5-3/8% Notes, \$23.2 million of 5.467% Notes, \$11.7 million of Putford Notes and \$1.1 million of other outstanding indebtedness and (ii) purchase for treasury 1,229,040 shares of common stock at an aggregate cost of \$48.1 million.

During the nine-month period ended September 30, 2002, cash flows were provided by financing activities primarily from the sale of 5-7/8% Notes for \$196.8 million. This increase in cash flows was partially offset by uses of cash flows in financing activities primarily to (i) repay \$87.8 million of outstanding indebtedness and (ii) purchase for treasury 144,700 shares of common stock at an aggregate cost of \$5.6 million.

Capital Expenditures

Future capital expenditures, based upon the Company's commitments at September 30, 2003, to purchase 9 newly constructed offshore support vessels, 208 newly constructed inland river hopper barges, and 7 newly constructed helicopters will approximate \$121.4 million. Deliveries to the Company of newly constructed vessels, barges and helicopters are expected over the next 15 months. The Company believes that existing cash and cash equivalents, construction reserve funds, cash provided from operations or the sale of available-for-sale securities, proceeds from vessel sales, or borrowings under its revolving credit facility, or a combination thereof, will be sufficient to fund foreseeable capital expenditures.

In addition, the Company holds options to purchase 11 additional newly constructed helicopters and 183 additional newly constructed inland river hopper barges.

Revolving Credit Facility

As of September 30, 2003, amount available for future borrowings under the Company's revolving credit facility totaled \$198.7 million.

Stock and Debt Repurchase Program

As of November 12, 2003, \$65.0 million of security repurchase authority granted by the Board of Directors remains available for the future purchase of the Company's common stock, its 7.2% Notes and its 5-7/8% Notes. The repurchase of these securities may be conducted from time to time through open market purchases, privately negotiated transactions or otherwise, depending on market conditions.

Contractual Obligations and Commercial Commitments

Below is an aggregation of the Company's contractual obligations and commercial commitments as of September 30, 2003, in thousands of dollars.

Contractual Obligations	Payments Due By Period				
	Total	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
Long-term Debt	\$ 334,768	\$ 113	\$ 93	\$ 62	\$ 334,500
Operating Leases	107,084	28,501	44,114	22,066	12,403
Construction Commitments	121,422	93,312	28,110	-	-
Total Contractual Cash Obligations..	\$ 563,274	\$ 121,926	\$ 72,317	\$ 22,128	\$ 346,903

Other Commercial Commitments	Amount of Commitment Expiration Per Period				
	Total	Less than 1 Year	1-3 Years	4-5 Years	Over 5 Years
TMM Joint Venture Guarantee ⁽¹⁾	\$ 5,841	\$ 379	\$ 844	\$ 976	\$ 3,642
Pelican Joint Venture Guarantee ⁽²⁾	1,500	-	-	1,500	-
U.S. Joint Venture Guarantee ⁽³⁾	5,515	1,164	2,327	2,024	-
Letter of Credit	1,265	1,205	60	-	-
Total Commercial Commitments	\$ 14,121	\$ 2,748	\$ 3,231	\$ 4,500	\$ 3,642

- (1) Guarantee for non-payment of obligations owing by the Company's Mexican joint venture under a charter arrangement.
- (2) Guarantee of amounts owed by an Asian joint venture under its banking facilities.
- (3) Guarantee for 50% non-payment of obligations owing by the Company's U.S. joint venture under a charter arrangement.

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 nine-month period ended September 30, 2003, except with the expiration of certain costless collars that were entered to partially hedge the fluctuation in market value for part of the Company's common stock position in ENSCO. For discussion of the Company's exposure to market risk that affects financial positions other than the Company's equity security portfolio and costless collars, 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, 2002.

In order to partially hedge the fluctuation in market value for part of the Company's common stock investment in ENSCO acquired in connection with the Chiles Merger, the Company entered into various transactions (commonly known as "costless collars") during 2002 with a major financial institution on 1,000,000 shares of ENSCO common stock. The effect of these transactions was that the Company would be guaranteed a minimum value of approximately \$24.35 and a maximum value of approximately \$29.80 per share of ENSCO, at expiration. These costless collars expired during the second quarter of 2003 and, as the share value of ENSCO's common stock was between \$24.35 and \$29.80 at expiration, neither party had a payment obligation under these transactions.

As of September 30, 2003, the Company held available-for-sale equity securities with a fair value of \$36.0 million, a significant portion of which was shares of ENSCO received in connection with the Chiles Merger. A 10% decline in the value of available-for-sale equity securities held by the Company would reduce other comprehensive income, net of tax, by \$2.3 million. The Company monitors these investments on a regular basis and disposes of investments when it judges the risk profile to be too high or when it believes that the investments have reached an attractive valuation.

ITEM 4. CONTROLS AND PROCEDURES

The Company's management evaluated, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of September 30, 2003. 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 September 30, 2003.

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 September 30, 2003, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

A. Exhibits:

- 31.1 Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification 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 July 31, 2003, reporting under Item 9 that, on July 24, 2003, the Company issued a press release announcing its financial results for the second quarter ended June 30, 2003.

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 SMIT Inc.
(Registrant)

DATE: November 14, 2003

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

DATE: November 14, 2003

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

EXHIBIT INDEX

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- 32.1 Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification 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 SMIT 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
 - (c) 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: November 14, 2003

/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 SMIT 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
 - (c) 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: November 14, 2003

/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 SMIT Inc. (the "Company"), certify, pursuant to 18 U.S.C. § 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the accompanying Quarterly Report on Form 10-Q for the period ending September 30, 2003 as filed with the U.S. Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

Dated: November 14, 2003

/s/ Charles Fabrikant
Charles Fabrikant
Chief Executive Officer

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

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

(1) the accompanying Quarterly Report on Form 10-Q for the period ending September 30, 2003 as filed with the U.S. Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

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

Dated: November 14, 2003

/s/ Randall Blank
Randall Blank
Chief Financial Officer