

LETTER TO STOCKHOLDERS

April 7, 2004

Dear Fellow Stockholder:

2003 was a difficult year. Earnings shriveled to \$12.0 million, or \$0.63 per diluted share,¹ producing a paltry 1.5% return on equity (ROE). Our environmental business, which handled a substantial remediation project in Iraq, and gains from asset dispositions were the major contributors to results.

Previous letters have noted that our main activity, providing marine support for offshore oil and gas exploration and development, is highly cyclical. Demand for our vessels and service depends on many factors, most of them out of our control. Our goal has been to diversify SEACOR's business mix to lessen its dependence on this one volatile market. We believe building value over the long-term means looking beyond the offshore energy support vessel sector.

Offshore Market Outlook

The "easy money" in the boat business was made from investments prior to 1998. SEACOR's initial entry into the business, in December 1989, and subsequent early acquisitions were well timed. We were able to profit from the hangover that followed the vessel construction binge of the early 1980's. Functional requirements for boats in the early 1990's were mostly the same as those in the late 1970's and early 1980's. During the 1990's, the workboat industry, which had been highly fragmented, underwent a process of consolidation. Utilization and pricing improved. On at least two occasions in the last decade drilling activity surged, even though commodity prices were far lower than today. New technology, such as 3-D seismic and directional drilling, encouraged customers to explore new acreage and re-visit previously drilled fields.

By the second half of the 1990's, it became evident that vessels built in the 1970's and 1980's were not as effective as modern boats, at least for certain jobs, and particularly for drilling support. Thus, in the late 1990's our industry entered a new phase, one of upgrading the first generation of offshore workboats. For those who are interested we have provided a profile of the world fleet and current order book (see Charts I & II in the Appendix to this letter).²

As I note almost every year in this letter, the age of a vessel is not a perfect proxy for its commercial viability or condition. Until recent years, users of offshore equipment have not been too finicky about the age of vessels in their service. Although older boats – and we have some of them – are still serviceable, age is now becoming more relevant. Customers frequently refuse to contract boats for term employment if a vessel has passed its 20th anniversary; there are even registries that will not document vessels that exceed 20 years of age. These changes in the commercial landscape are encouraging. Activity will, however, have to increase if the vessels delivered during the last few years, and those that will be entering service, are to provide acceptable returns. Will it increase and if so, when? I don't know. The price for oil and domestic natural gas has been firm for over a year. Some regions, like Mexico, have been active. Unfortunately, the traditional major markets, the North Sea and U.S. Gulf of Mexico (particularly deep water exploration), have been somnolent. I am finding it increasingly futile to anticipate when drilling activity might pick up or craft explanations for why it has not. Many, I among them, would have predicted that the pace of drilling would quicken more than it has under these circumstances.

Fleet Mix and Regional Allocations

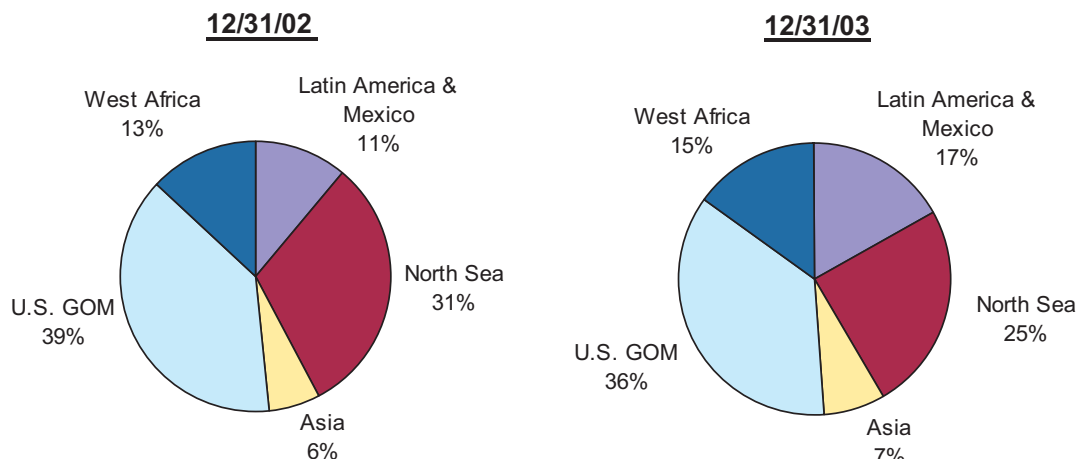
The pie charts that follow compare the regional distribution of our vessel fleet at yearend 2003 and 2002. We have less investment in North Sea assets in both absolute and relative terms than we did a year ago.

¹ If we were to expense options using the Black Scholes formula for valuation, earnings per share would have been \$0.56, or \$0.07 less.

² A description of vessels used in the offshore business, and a discussion of how they have evolved over time, can be found in the "Investor Relations" section of our website.

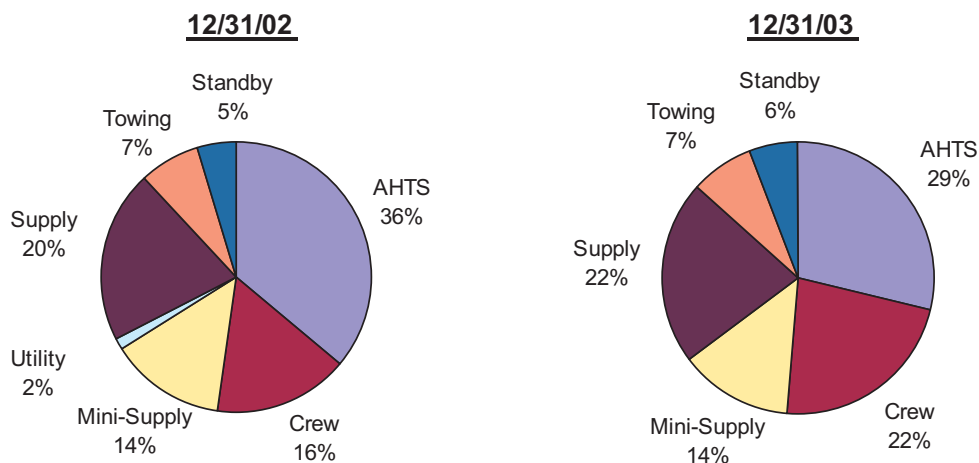
Our exposure to the “spot” market has, however, increased. Should activity pick up in the North Sea, our results would definitely benefit. (It is hard to imagine the North Sea market being worse than it has been for the last six to eight months!) Our largest commitment is still in the U.S. Gulf of Mexico, where slightly more than one-third of our capital in the offshore marine segment is invested. At yearend we had 98 vessels in active service (either working or available with the intent to place them back in service).³

Regional Distribution (by Book Value)



In the vessel class pie charts below, you can see that anchor handling towing supply vessels (AHTS), still represent our largest capital investment. Having disposed of two large North Sea style anchor handlers early in 2003, all but one of our remaining sophisticated anchor boats are U.S. registry.

Vessel Class Distribution (by Book Value)



During the year we reduced the fleet by 41 vessels; we sold 56 (five of which were leased back) and purchased 10. Toward the middle of the year we decided the margins earned from operating traditional “utility” boats were too slim to warrant continuation of this service. As of December 31, 2003, we had nine offshore vessels on order – two were delivered thus far in 2004.

³ In addition to the vessels SEACOR owns, we also operate vessels leased from third parties. For the most part these leased vessels are working in the Gulf of Mexico. As these charts are computed based on “investment” (book value), our market exposure in that region is somewhat larger than shown in the pie chart relative to other regions.

In the Appendix to this year's letter we have introduced several new tables that we believe are useful. Hopefully these changes are helpful to understanding our business and should be read in conjunction with our 10-K.⁴ Table I provides a summary of days available for different classes of vessels, looking back three years. Table II shows the average and median age of our fleet, broken out by class of vessel. We have profiled our fleet by median age because a simple average can be misleading. Consider two fleets, one comprised of one new vessel and two vessels each 20 years of age and another with three vessels all built 13 years ago. Both have the same "average" age, but they are qualitatively different, commercially and operationally.

Strategic Direction

At the end of December 2002 we entered the offshore helicopter business through the purchase of Tex-Air. We now have 42 helicopters including the addition of six new units to the fleet, and have commitments to deliver five additional units. Although demand for our helicopters is linked to drilling activity at the margin, the supply profile differs from that of boats.

This past year we increased our commitment to barge transport on the U.S. inland waterways. SCF (our barge subsidiary), taking into account units on order, will control approximately 1,000 dry cargo barges and 24 tank barges by the end of 2004. We will own over two-thirds of these barges.

Almost 50% of the inland river industry's dry cargo fleet is approaching or has reached retirement age.⁵ The recent surge in the price for steel scrap has been drawing equipment from active service to the "breakers". The present order book is light. The price of steel has reached levels that make replacement of barges very expensive, at least for now. We feel positive even though current "spot" freight rates are somewhat depressed by less than normal grain shipments via the river system. The unprecedented high cost of ocean freight has caused agricultural exports to Asia and the Pacific Rim, which would normally be shipped via the river, to move by rail to the West Coast. Given the expected reduction in the barge fleet, the longer-term outlook continues to improve. Any increase in aggregate demand for inland transport would of course be positive at a time when available supply is shrinking.

In further pursuit of diversification, we are also looking for opportunities to build on our environmental segment, which operates under the trade name of SEACOR Environmental Services (SES). One of our objectives has been to expand activity in markets outside the United States and broaden our suite of services. To that end we acquired Foss Environmental Services, a West Coast contractor which handles land as well as marine projects.

Disclosure and Reporting

SEACOR's diversification poses a challenge to analysts and investors who wish to "model" our business. Understanding the economics of offshore operations is relatively easy for both boats and helicopters; inland transport and environmental services are more complicated.

In the offshore marine business most revenue is generated by "day rental" contracts. Helicopters are usually rented by the month with added charges for hours in flight, or contracted for trips and paid by the hour. The MD&A section of our 10-K provides a detailed discussion. Investors over the years have come to rely on dayrate and utilization statistics, and flight hours, to track trends in the offshore marine and helicopter businesses.

⁴ In some instances the structure for a 10-K, which covers 2003 and prior years, would have made it cumbersome to add more information.

⁵ Our policy is to depreciate dry cargo barges over 20 years from the date of original construction.

Unfortunately there is no easy “cheat sheet” for modeling our environmental or inland river businesses. Because our inland river business was only a small contributor to SEACOR’s operations in 2003 and prior years, our 10-K did not address its operations in the same level of detail as SES or our offshore marine business. We noted in our 10-K that we expect “Inland River Services” to be a reporting segment in 2004. Understandably, investors would prefer not to wait until next year to understand the business dynamics, so I will attempt to address questions that have recently been posed.

Most barge activity involves carrying cargo from point to point within the inland river system. Prices are set by the ton and are reflective of market conditions and costs.⁶ At this time we purchase most of our services from third parties; therefore the cost of moving cargo (towing), positioning the barges, port fees (fleeting) and cleaning to accept the cargo are “voyage” (trip) expenses for our account as owners. The gross freight (voyage revenue) less these expenses reflects “voyage results”.⁷ Additional expenses include routine maintenance and repairs and insurance. In order to arrive at operating income one must further deduct depreciation and overhead expense.

While the timing of capital commitments in the barge business is probably the single most important factor in determining returns, skill in executing contracts and the matching of freight commitments can make a big difference in profitability. The primary goal is to maximize tons carried and minimize time not under load. It is quite possible to have a sequence of movements for which the price per ton is less than the “going rate,” and still record a higher operating profit than would otherwise be the case had freight been pursued at the highest market rate. Unfortunately, there is no easy way to package barge activity into a convenient, simple dayrate and utilization format to track business conditions.⁸

Our goal is to present information in a format that is useful and relevant to present circumstances, and in a manner that can be understood with relative ease. (Hopefully we are not inundating shareholders with too much detail; that can be confusing and counter-productive). Over time, equipment can serve in different primary roles. Yesterday’s anchor handling vessels, often less than 8,000 brake horse power (BHP) and with relatively small winches, today primarily serve as “shelf” support vessels in international markets. In Table III of the Appendix, we have assembled 2003 dayrate and utilization data for segments of our offshore fleet using classifications that may more accurately reflect their current roles. Specifically, we believe that AHTS vessels with less than 8,000 BHP should be considered as towing supply vessels. We also believe it is useful to show rates and utilization for supply vessels (also known as platform supply vessels or “PSVs”) as a distinct group.⁹ This table should be read in conjunction with the tables provided in the MD&A section of our 10-K, which were compiled to reflect conditions as they were for 2003 and prior years. In the future, we plan to classify those AHTS vessels with less than 8,000 BHP as towing supply vessels.

Our previous reports have laid out key accounting principles. These are also set forth in the footnotes to our audited statements. Our preference, when given a choice under generally accepted accounting principles (GAAP), is to follow what we believe to be the conservative path.

As this is our first full year of operating helicopters, we established useful lives for our machines. Our policy is to depreciate new helicopters over 12 years from date of original build to a residual value equal to 30% of acquisition cost. We also expense the costs of placing machines in service after having been non-operational for several years as well as the costs of routine overhauls of major components. This accounting treatment is analogous to how we treat drydocking and repairs on vessels.

⁶ Some barges are chartered-out (contracted) per diem on a term basis.

⁷ Barge owners that are organized to provide these services usually charge them on an allocated basis to each barge trip. We also own towboats, but they are bareboat chartered to a third party that operates them and the Company contracts back for the service.

⁸ Freight rates (price paid per ton) vary depending on the distance moved and also move up (hopefully) and down to reflect changes in costs, most notably fuel. The price negotiated per ton can also reflect river conditions, which determine how much cargo can be loaded. During the year the depth of the river fluctuates so it is quite possible that on different occasions the cargo that a barge can lift will vary by more than 10%. This difference means that the same price per ton will produce significantly different results for a voyage. This is only one example of the variables that make it almost impossible to use freight rates as the equivalent of dayrates. There is no simple proxy or leading indicator for operating results.

⁹ You will find a description of the differences between “supply” and “towing supply” vessels in the Offshore Marine Services section of our 10-K.

Every year our financial corps works hard to prepare the 10-K and Annual Report as well as the information included in this letter. To them I extend a special “thank you”. There are many moving parts to SEACOR: multiple divisions, a myriad of assets, 23 joint ventures and operations in more than 62 countries. Our asset base, though less in dollar value than 10 new rigs, generates more paper – receivables, payables – and journal entries. This year our staff had the challenge of meeting an accelerated deadline for filing regulatory documents and complying with new requirements. Our business could not function without this willing, hardworking and competent group of professionals.

Looking Forward

Although offshore activity is not as brisk as we might have expected (or wished for), we believe that SEACOR’s asset mix is well chosen and positioned to generate good returns when offshore activity accelerates. A few additional rigs working in the deep water of the U.S. Gulf or an increase in North Sea drilling for a sustained period would make a noticeable positive contribution to SEACOR’s results. For the most part we have a young fleet and are not compelled to invest substantial capital to keep our business viable. Any decision to build or purchase boats is not driven by the need to replace what we have or to keep market share. Over the longer-term demand for energy will grow. China and India and other developing countries will almost certainly become bigger energy consumers. At the moment our customers seem to feel that the best investment opportunities for big dollars are in Russia and the Middle East. History suggests, however, that over time, as the demand for energy grows, offshore activity will increase.

As previously mentioned, for the moment we are looking primarily to our inland river division for diversification. The outlook, based on a shrinking fleet, seems positive. Investors invariably ask if we expect to invest more capital in the barge business. That decision depends on opportunity. If we see value, we will pursue it.

The entire SEACOR Board is very mindful of the responsibility that comes with having a large sum of cash available (especially one that exceeds debt). We maintain a high level of liquidity because we have identified areas of opportunity. Of course when pursuing these opportunities there is no guarantee we can consummate transactions that make sense, but having cash committed for the long-term gives us the flexibility to move quickly and decisively.¹⁰ We are also mindful that when contemplating the deployment of capital, we must weigh the benefit of any investment or acquisition against the value created by repurchasing our own shares. In 2003 we repurchased 1.5 million shares for an aggregate cost of \$56.5 million. To find good investments we must be patient. Often the hardest thing is, to “do nothing”.

In closing I would like to thank the nearly 3,000 men and women who work for SEACOR. For the offshore marine division this has been a particularly difficult year, watching the fleet shrink. I want to thank our managers and seagoing professionals who continue to work hard at improving operations, reducing costs, and labor to our ultimate goal of zero accidents. In the category of safety we had our best year ever. I wish also to thank our directors. All of my co-directors take an active role in guiding me and providing counsel.

Sincerely,

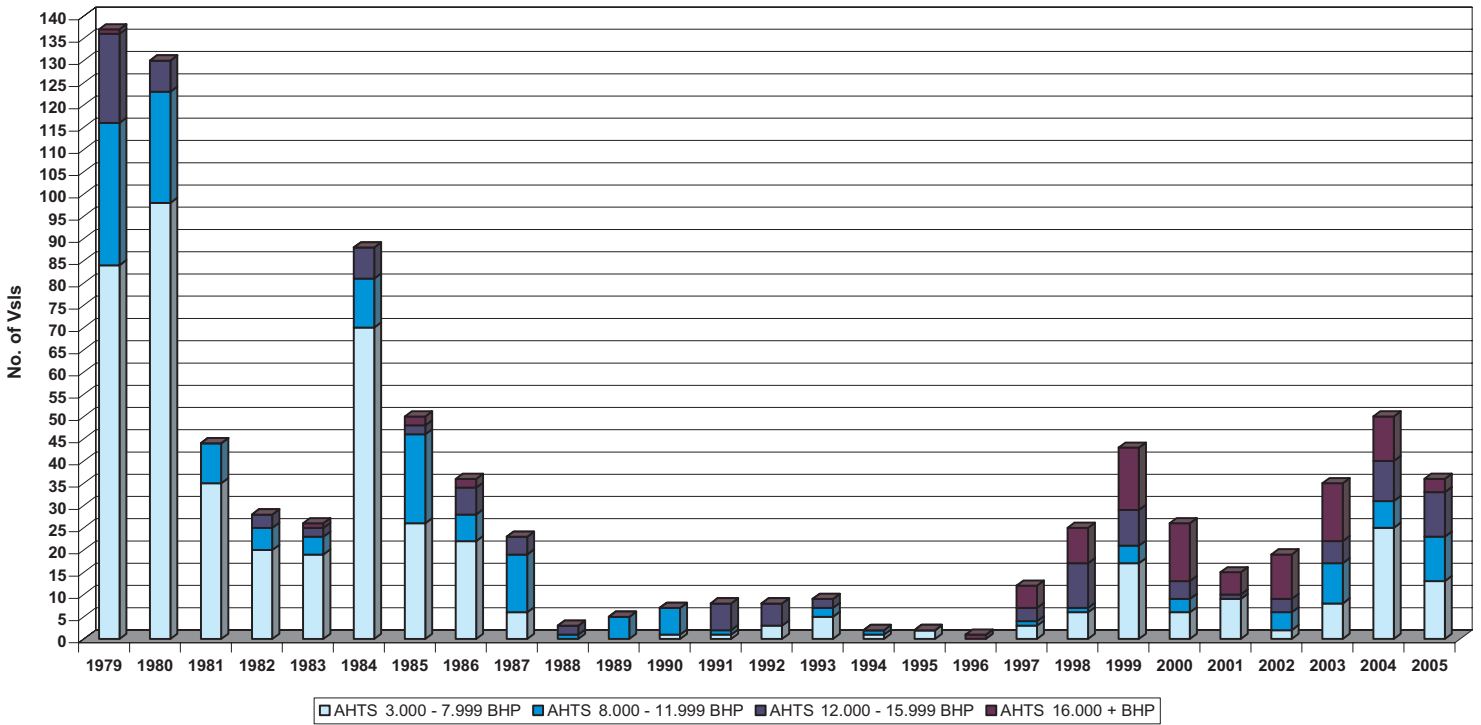


Charles Fabrikant
Chairman of the Board

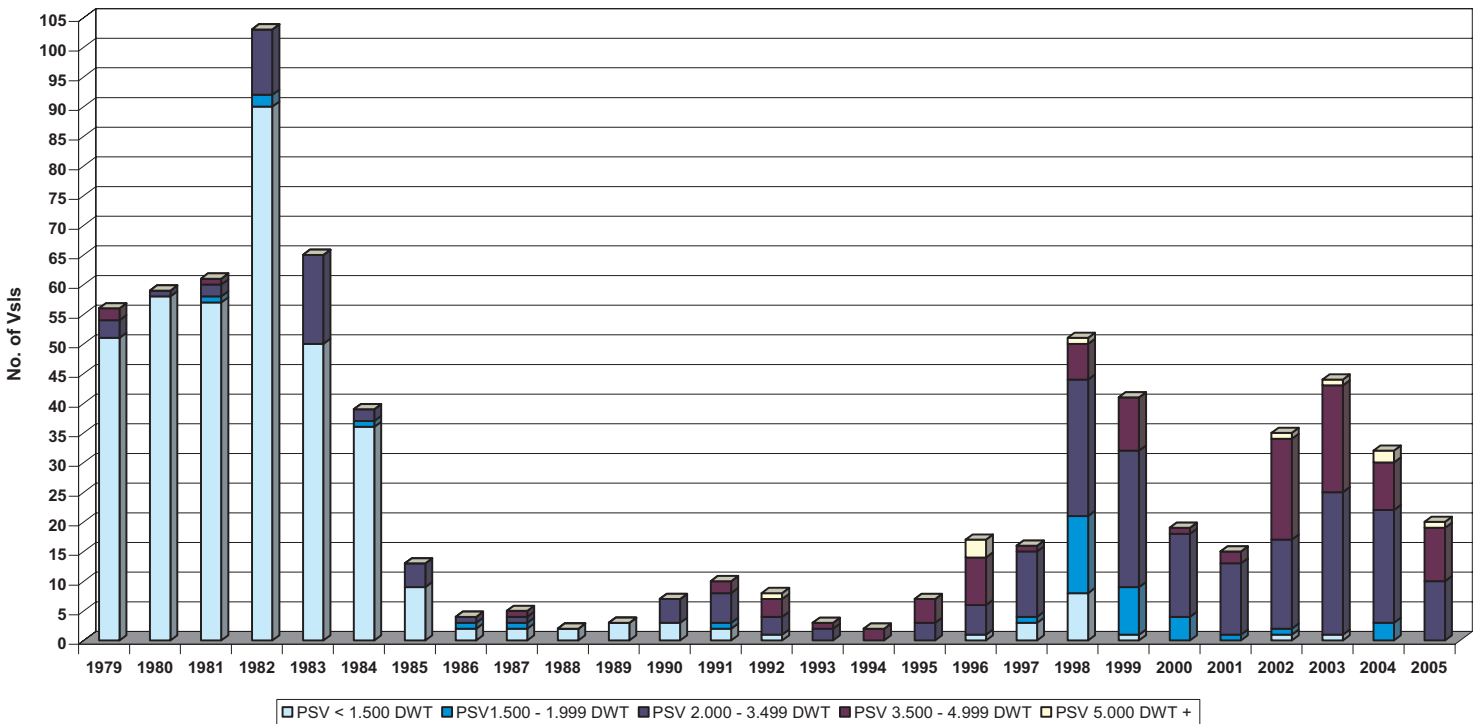
¹⁰ Our timing on issuing 10-year notes would have been better had we waited several months. It is no consolation that many others besides us have been wrong in expecting interest rates to climb. The net interest differential or “negative spread” we incurred by holding cash in excess of long-term debt (and keeping that cash in short-term deposits) was approximately \$11.8 million for 2003. This cost stockholders \$0.40 per diluted share after tax.

APPENDIX

**CHART I: AHTS NEWBUILDING DELIVERIES
1979-2005**



**CHART II: PSV NEWBUILDING DELIVERIES
1979-2005**



Source:



APPENDIX

TABLE I: AVAILABLE DAYS BY CLASS⁽¹⁾

Vessel Class	2001	2002	2003	Change from '01 to '03	
				Days	%
AHTS	7,293	7,758	5,786	(1,507)	-20.7%
Crew	26,523	27,413	26,517	(6)	0.0%
Mini-Supply	7,484	9,229	10,950	3,466	46.3%
Standby	8,062	7,647	7,349	(713)	-8.8%
Supply	9,907	9,138	8,128	(1,779)	-18.0%
Towing	7,749	6,764	5,601	(2,148)	-27.7%
Utility	23,778	16,534	12,679	(11,099)	-46.7%
Other	730	600	365	(365)	-50.0%
Total	91,526	85,083	77,375	(14,151)	-15.5%

TABLE II: 12/31/03 AVERAGE & MEDIAN AGE⁽²⁾

Vessel Class	Average	Median
AHTS	14.0	18.0
Crew	8.7	7.0
Min-Supply	6.0	5.0
Standby	27.0	27.0
Supply	12.4	9.5
Towing	16.3	20.0

TABLE III: 2003 DAYRATES & UTILIZATION⁽³⁾

Class & Region	Dayrates ⁽⁴⁾	Utilization ⁽⁴⁾
<u>AHTS⁽⁵⁾</u>		
Domestic	\$ 19,028	80.2%
Foreign	10,175	81.8%
<u>Towing Supply⁽⁵⁾</u>		
Domestic	6,252	69.8%
Foreign	7,109	81.8%
<u>Supply⁽⁶⁾</u>		
Domestic	6,369	61.3%
Foreign	9,207	90.9%

(1) Includes owned and chartered-in vessels; excludes bareboat chartered-out, joint-venture and pooled vessels.

(2) In years; includes owned vessels only.

(3) Table III provides dayrate and utilization information per the vessel classifications referenced in the Letter, and should be read in conjunction with our 10-K. Future dayrate and utilization tables will be grouped accordingly.

(4) Includes owned and chartered-in vessels; excludes bareboat chartered-out, joint-venture and pooled vessels.

(5) AHTS vessels are categorized by having 8,000 BHP or greater while towing supply vessels are categorized as having less than 8,000 BHP.

(6) For a more detailed description of supply boats see the Offshore Marine Services section of our 10-K.