

Letter to Stockholders

April 3, 2007

Dear Fellow Stockholder:

Last year's earnings climbed to \$234.4 million, or \$8.44 per diluted share. This represents a 16% after tax return on stockholders' equity.¹ Our pre-tax return on stockholders' equity was 25%.² We have achieved these returns with little financial leverage. As of year end, our cash, construction reserve and title XI reserve funds, and our available-for-sale securities roughly equaled our debt.³ During the year we repurchased 727,180 shares of our stock. We also negotiated a new seven year \$300 million line of credit.

The following table presents operating income (including gains from asset dispositions) before depreciation and amortization ("OIBDA") which we consider a proxy for cash generated by our businesses (in thousands):

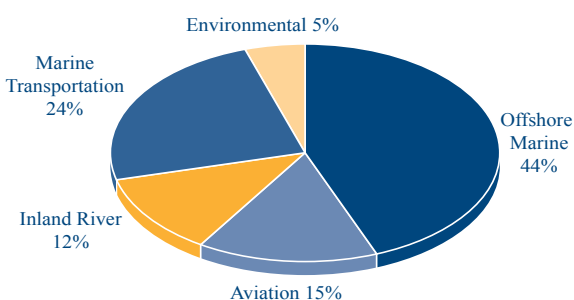
	For the years ended December 31,		
	2006	2005	2004
OIBDA	\$ 527,462	\$ 305,166	\$ 86,506
Depreciation and amortization	(166,714)	(127,714)	(57,834)
Operating income	\$ 360,748	\$ 177,452	\$ 28,672

Our offshore marine group turned in the best performance by a reporting segment, and our inland river group was the "best supporting division."

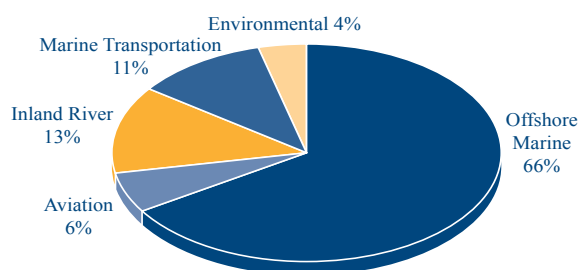
While optimistic, as noted in last year's letter, my imagination is too limited to have scripted this past year's "perfect storm": high oil prices, urgency to drill, and shortages of equipment. In our businesses little, perhaps nothing, can beat being in the right place at the right time.

The pie chart on the left below shows assets by reportable business segment, excluding equity investments, as of December 31, 2006. The pie chart on the right shows OIBDA contributed by those segments in 2006. (We have provided tables in Appendix I of this letter for additional information and reconciliation to the segment data included in our consolidated financial statements.)

Assets by Reportable Business Segment



OIBDA by Reportable Business Segment



¹ Our return on equity is calculated as net income divided by \$1,459.2 million, the average of stockholders' equity at the beginning and end of the year. A more traditional calculation, using beginning year equity of \$1,361.3 million, would show a return of 17%.

² Pre-tax income, calculated as net income plus income tax expense, for the year ended December 31, 2006 amounted to \$359.5 million.

³ Total cash and near cash assets at December 31, 2006 amounted to \$925.7 million which was slightly less than our total debt of \$972.7 million.

Offshore Marine Services

Offshore Marine Services contributed \$364.2 million of OIBDA, a return of 38% on average assets employed.⁴ During 2006, we took delivery of ten vessels for \$87.8 million and sold 66 vessels, harvesting \$252.5 million in cash and realizing gains of approximately \$65.0 million.⁵ Our fleet today is younger and smaller in comparison to January 2006. Our goal is to squeeze better margins out of fewer vessel days.

The offshore business is primarily driven by market forces but also has a merchandising component. Like a merchandiser we have to adjust our inventory and product mix to anticipate trends. We also keep low margin, simple vessels to service customers that use our sophisticated assets. We have a design department that develops full specifications for our vessels (although we have not yet invested in a shipyard).

In the first quarter of this year, we took delivery of a new class of fast supply boat. The *John G McCall* is designed to handle drilling fluids as well as fuel, bulk cement and deck cargo, and carry its payload at a speed of about 25 knots, twice that of a traditional steel supply boat of similar size. It is also equipped with station keeping technology similar to that of large platform supply boats. At a time when the cost of a deepwater rig to our customers can exceed \$20,000 *per hour*, the ability to deliver cargo on a “real time basis” should provide value. The first in our new series of six U.S. flag diesel electric driven anchor handling and towing supply vessels (“AHTS”) is scheduled to deliver mid-year. These vessels consume less fuel in supply mode than a conventionally powered boat of comparable capacity. We believe these are among the first AHTS vessels thus equipped. Finally, in December we will be taking delivery of a 40+ knot personnel carrier intended to serve remote deepwater locations.⁶

Turning to the market dimension of our business, all regions performed well and day rates for all classes of vessels attained levels that most would have considered unimaginable prior to agreeing the charters. Simplistically, the market reflected supply and demand, but that begs the question: what created the imbalance that shifted pricing power to boat owners? To say it was drilling activity falls short of elucidating the market’s dynamics. More boats than rigs entered service during the past twelve months. My hunch is that escalating rig rates led customers to abandon “just in time” in favor of “better safe than sorry” logistics. Thousands *per day* is cheap insurance when compared to thousands *per hour*. One extra boat engaged to arrive a few days earlier than absolutely necessary in regions such as West Africa or the Far East is money well spent to protect an investment in an expensive drilling spread. Slippage in deliveries of new vessels left users and owners scrambling to provide coverage for jobs programmed for vessels ordered in 2004 and 2005. In the U.S. Gulf of Mexico the market was turbocharged by the pressure to complete repairs necessary to restore production in the aftermath of the 2005 hurricanes.

Last year’s letter referenced developments that appeared likely to stifle drilling activity in the U.S. Gulf of Mexico. Unfortunately those remarks have proved prescient. Opportunities outside the U.S. have been a powerful lure for upstream budgets. Rigs have been leaving the U.S. Gulf of Mexico, in Jerry Maguire terminology, following “the money.” At the end of the summer 2006, as hurricane reconstruction activity wound down, rates and utilization for smaller vessels began drifting down. Lower gas prices and soaring drilling costs are for the moment a drag on drilling activity. Rig rates for jack-ups in the U.S. Gulf of Mexico have also been trending down. There is a seasonality to our business in the Gulf and hopefully the summer brings more construction and repair activity.

Outside of the U.S. additional shipyard facilities are being activated and idle facilities are being pressed back into service; new comers are now offering discounts, albeit modest, to prices demanded by established yards.⁷ Optimists dismiss the bulging forward order book as digestible, citing proliferation of offshore installations and terminals, the cascade of rigs that will deliver in 2007-2009, and the large number of older vessels that are working beyond their normal service life.

4 See Appendix I for further details of calculation. Assets primarily consist of property and equipment, accounts receivable, goodwill and intangible assets employed within each segment. It excludes cash, near cash and equity investments.

5 The number of vessels sold included six vessels classified as held for sale in connection with the Seabulk merger, as well as six that were involved in sale-leaseback transactions. In instances when we sell vessels for more than our book value and then lease them back, no gain is recognized and the premium over book is amortized as a reduction in lease payments during the term of the transaction.

6 We will be posting more information at www.seacormarine.com about the delivery of our diesel electric anchor handlers and fast personnel transporter. Normally naming ceremonies for new vessels are events for a few customers and employees. The christening of our fast personnel transporter and the first of our new AHTS boats will be open to any shareholder who wishes to attend the delivery ceremony. When dealing with equipment, there is no substitute for seeing it.

7 There is a question as to how many reported orders are firm. It is difficult to accurately predict how many of the reported vessels on order will deliver. See our Annual Report on Form 10-K on pages 50 and 106 for further details on our capital commitments program.

So far, so good! Will 2007 be the year when the supply of new vessels gradually approaches demand or are we facing an avalanche? You can judge for yourself. At the end of this letter, Appendix II includes updated AHTS and platform supply vessel new construction delivery charts. A similar chart was included in last year's letter. In the last twelve months the number of AHTS reported to be joining the world flotilla in 2007-2008 has swelled from about 80 to approximately 230. The anticipated roster of platform supply vessels is reported to have grown from about 60 to a mere 170. Of course some of the 2007 new arrivals were supposed to have made their debut in 2006.

Aviation Services

Aviation Services produced \$30.6 million in OIBDA, a return of 12% on average assets employed.⁸ OIBDA included \$11.1 million in gains on asset sales. During 2006, Era added 21 aircraft and sold 15. We also increased the number of aircraft placed on leases outside of the United States from 8 to 15. Our goal is to continue to expand our international leasing activity.

Results were penalized by a heavy schedule of refurbishments and overhauls, continuing expenses incurred to clean up damage from the 2005 hurricanes, adding machines, and introducing a new model medium aircraft as a launch customer. Hurricane related expenses are now behind us. Adding equipment has a cost. Introducing new models entails an expense for training pilots and mechanics and more than typical time out of service due to a learning curve that precedes identifying best practices for maintenance and inventory levels of spares. While it would be hard to quantify with precision the impact on 2006 results from taking delivery of 21 new machines, it certainly has been a factor weighing on performance. We expect to take delivery of 24 additional machines in 2007. Hopefully, we can profit from experience.

The general outlook for aviation equipment appears bright. Users of aircraft, particularly for offshore support and medical service, are finally interested in and willing to pay for modern machines, incorporating the most up to date safety features. Manufacturers' order books are tight. For the moment demand appears to exceed supply.

Aviation assets are different than marine assets. Unlike boats, helicopters are largely off the shelf items; others design them. Apart from avionics and cabin configuration, which is tied to the mission, we take what manufacturers offer. Helicopter values have also generally been less volatile than boat values. In part this may be attributed to there being only a small universe of suppliers that have a strong interest in maintaining brand integrity. There are many shipyards; there are very few qualified manufacturers of helicopters. You can count them on one hand. Margins are also slimmer in the helicopter business and there is less room to capture large profit due to swings in the market.

Running helicopters is more complicated than operating boats (not that operating boats is simple). While our marine group handles minor repairs and maintains a stock of spare parts routinely consumed on vessels, our helicopter group performs not only small repairs but also does a great deal of the heavy maintenance work that would be farmed out to shipyards by our offshore, shipping and inland groups. Adjusting the ratio of support personnel to operating units is tricky.

Another difference between helicopters and boats is the relationship between age and value. Delivery position, condition, and pedigree being equal, newer vessels are almost always worth more than older ones. It would not be unusual for an older helicopter having a low number of hours on machinery to be worth more than a younger machine facing the imminent replacement of key components. Costs for routine repairs and maintenance, and renewing parts, both of which we expense as incurred, add more to maintaining the value of a helicopter than routine repairs contribute to the value of a ship. (In older ships, the expenses for special surveys may have a significant impact in value.) We generally expense repair costs for helicopters and in some cases pre-pay these costs in programs known as "power by the hour," even though actual maintenance will be performed in the future.

Inland River Services

Inland River Services contributed \$74.2 million of OIBDA, a return of 30% on average assets employed.⁹ During the year we returned 178 barges previously chartered from third parties and took ownership of 69 dry cargo barges, seven deck barges, and three liquid chemical barges.¹⁰ Recent industry estimates suggest the number of dry cargo hopper barges in service increased in 2006 for the first time in several years, albeit by a modest number. The unexpectedly severe 2007 winter is likely to sideline more barges than might otherwise have been the case. High scrap prices are also

⁸ See Note 4, *supra*.

⁹ See Note 4, *supra*.

¹⁰ In addition, SEACOR entered into a joint venture to which we contributed eight dry cargo barges and 19 tank barges. The joint venture took ownership of an additional 56 dry cargo barges in 2006. This joint venture is discussed on page 42 in our Annual Report on Form 10-K.

likely to lure older equipment to its final resting place. Although these factors should help counterbalance the recent growth in the order book, it is still likely there will be net additions of equipment for both the dry cargo and liquid fleets as 2007 progresses.

Demand is the wild card. In the first quarter of this year rates for moving grain to export markets have not been as profitable as last year and the volume of northbound cargo appears to be less than it was twelve months ago. Grain exports southbound have been hurt once again by cargo diverting to the West Coast via rail due to the high cost of ocean transport. Railroads are also aggressively seeking to woo cargo back from the river carriers. Corn that used to move down river for export is now being consumed on location to produce ethanol. Increased fertilizer shipments and export of “DDG” (a feed by-product of ethanol production) can take up some of the slack. I expect bio-fuels to create additional demand for tank barges. Time will tell.

Marine Transportation Services

Marine Transportation Services produced \$59.5 million of OIBDA, a return of 12% on average assets employed.¹¹ Last year’s results for our tanker group were penalized by the reduction in charter days due to time out of service to upgrade the *Seabulk Trader*, a languid spot market, and time lost in connection with a grounding of one of the ships early in the year.

The U.S. flag market for product carriers and our fleet are in a transition period. Pursuant to the Oil Pollution Act of 1990 (“OPA-90”), single hull tankers are restricted from trading petroleum in the United States after 2015. Depending on the date of original build and whether or not they have a double bottom, a ship may be required to retire prior to 2015 unless retrofitted. Five of our vessels face mandatory retirement over the next eight years unless they are retrofitted with double hulls to satisfy the rules. We have begun to address this issue. The *Seabulk Trader*, now undergoing retrofit, is the first of two ships we have identified for upgrade to meet OPA-90 requirements. We will also renovate piping, accommodations, and key systems. The *Seabulk Trader’s* sister will head for upgrade later this year. We are currently studying options for the *Seabulk Magnachem*, which can carry chemicals and ethanol and in the center tanks, petroleum.

The Jones Act product carrier market is very small and one that can easily become oversupplied, as it was until 2004. Perhaps we have missed an opportunity but neither I, nor the Board, could see the reward in ordering conventional, single screw product tankers for \$100-110 million, twice the world price. In the event of Jones Act overcapacity, there is no retreat. While users prefer new vessels to older ships that have been retrofitted, I consider a lower cost unit that meets regulations a better bet than counting on 10-15 years of sustained equilibrium in the market to deliver the minimum return required to justify a new construction. If the market tightens, our ships should benefit.

Environmental Services

Environmental Services contributed \$20.6 million of OIBDA, a return of 24% on average assets employed.¹² More importantly, our project management and consulting services, which are “non-event” driven, continue to expand, accounting for 49% of 2006 revenues in comparison to 35% of 2005 revenues. In an effort to grow our core retainer base, we acquired Response Management Associates, Inc. which specializes in crisis and incident management, planning, and training. Spill response activity accounted for 35% of 2006 revenues. Customer diversification, growth of retainer base and growth of non-event driven revenue are in my view the real measures of performance for this business.

Business Factors

In the last few years, several broad trends have impacted most of our business units. It is typical that when supply and demand for capital assets are in balance, pricing reflects the cost of replacement, contract duration lengthens, and returns climb to levels that will attract investment in new capacity. Of course manufacturers, component providers and shipyards use the leverage of an expanding order book to increase margins and pass along their own increased costs.

Steel prices have risen dramatically. This boosts the cost for the most basic raw material of ships, as well as components. Steel price is a significant factor in boosting the values of barges, offshore boats, tankers and dry cargo vessels.

¹¹ See Note 4, supra.

¹² See Note 4, supra.

The erosion in the value of the U.S. dollar has driven up replacement cost for equipment. Several large sources of iron ore deposits are in countries whose currency has appreciated in value against the U.S. dollar. Many key components such as winches and specialized propulsion systems are engineered in Europe.¹³ Two of the “big four” helicopter manufacturers are European based. While final assembly of some models of helicopters is now handled in the U.S., currency is a factor in replacement cost pricing.

The tight labor market also cuts across all our business units. Skilled personnel, pilots, mechanics, vessel captains, engineers, managers, and welders are in short supply. Wage pressures are not only driving up operating cost but also contributing to higher prices for replacing equipment. Here in the United States many of the shipyards in the Gulf Coast are relying on foreign workers with temporary work visas; without workers from central Europe, Asia and our Latin neighbors, these yards would not be able to function.

Inflation in the CPI has generally been considered moderate. The same cannot be said of inflation in the cost of capital goods that we use in our businesses.

Looking Ahead

Finding opportunity at a time when there is vast liquidity in the global financial system is not easy. We did manage to unearth a few attractive, small acquisitions: one in the tank barge business which was consummated a few weeks prior to publishing this letter, and late last year we invested in a grain handling and storage facility serving the agricultural sector. These ventures are quite small, but hopefully they will improve our businesses and provide platforms for growth. We continue to prospect for nuggets as well as a mother lode and pursue organic development of products and services that we can bolt on to existing businesses.

A year ago we identified marketing and providing logistics for alternative fuels and infrastructure assets tied to agriculture as promising areas. Since then ethanol has become a rallying cry for politicians as well as the raw material for daily news and fuel for cars. These are early days for the alternative fuel sector. Whether the raw material for producing ethanol is sawgrass, corn or sugar, whether the origin is Brazil, the Caribbean, or the Midwest, handling the material and bringing it to market is necessary. With our ships, barges, and initial investment in a grain elevator, we are positioned to develop this business. Hopefully, we will be breaking ground on a storage facility in the next few weeks, and this will advance our merchandising ambition. Of course some day other more advanced technologies may displace alternative fuels, but for the moment it appears as if the trend is just beginning. We are studying opportunities here and abroad.

Our towing division, whose activities have been largely confined to serving the domestic market and Mexico, will be extending its geographical reach to the Caribbean. Our inland group has embarked on a joint venture in Latin America and is shipping barges and towboats into Argentina. We are working with our partners in the grain handling and storage business to create additional facilities. Our U.S. Gulf of Mexico group has embarked on a joint venture to build lift boats, with a view to provide “plug and abandonment” services. We see this as a growing activity as the shallow wells in the mature fields in the U.S. Gulf of Mexico reach the end of their productive lives. Our inland group has launched an experiment, contributing some equipment to a joint venture intended to take advantage of value discrepancies between income producing assets and financial instruments. We continue to develop a small portfolio of leased equipment and are exploring options for growing this activity. We are pursuing a joint venture in sales, marketing and distribution of helicopters and general aviation equipment in China, hoping to participate in what appears to be a promising market. None of these initiatives are yet “material,” and it is far too early to tell whether we can incubate them into profitable and meaningful contributors to our business. This review is only intended to provide some sense of where we today see *potential* opportunity.

Two years ago the Gulf Coast hurricanes tested our personnel and response systems. During 2006 our shipping group was called to action when one of our double hull tankers in Alaska broke loose from its moorings during heavy weather. Steve Willrich, who heads our tanker group, and his team met this challenge; the incident ended without a serious environmental mishap. Unfortunately, the year was not totally incident free for all of our divisions; toward the end of the year one of our seamen suffered a serious injury and early in 2007 we had an aviation incident resulting in two fatalities. Safety for our personnel and passengers, and protecting the environment, are our top operating priorities.

¹³ One exception is conventional shipping. Replacement cost is tied to the Korean Won and Japanese Yen. The latter currency has actually weakened against the dollar and Eurodollar since 2002. During 2006, our Sea Treasure joint venture disposed of its remaining dry bulk carrier.

All our business units know that expenditures to train our personnel to the highest standards and upgrade equipment to mitigate operational risk and human error do not have to meet traditional return on investment criteria. Calibrating incidents into injuries per 100,000 man-hours worked, or counting “LTA’s” (lost time accidents) may be standard in our industry, but it suggests that there is some tolerable level of lapse. I am not interested in flying with an airline that takes refuge in statistics nor do I wish SEACOR to do this. My goal is zero accidents.

Prior letters have pointed out that our marine and aviation professionals function in stressful situations and are on call Saturdays, Sundays, and holidays. Our senior executives and administrative personnel also have demanding schedules and work under pressure. During the last several years regulations have reduced time frames for filing financial statements. There is no “reading period” between New Year and the due date for our 10-K. Our Chief Financial Officer, Richard Ryan, our Chief Accounting Officer, Matt Cenac, our divisional controllers, accounting staff, information technology group, human resources team, our General Counsel, Alice Gran and her staff all work non-stop throughout the year. In order to meet deadlines, our operating personnel and business unit leaders also have to work 24/7. My thanks to them and all who support them.

When we negotiated the acquisition of Seabulk two years ago, I envisioned a journey of diversification, balancing the highly cyclical offshore vessel business with investments in U.S. domestic flag tankers and harbor and offshore towing services. Indeed, I was skeptical about the future for Seabulk’s older offshore assets. The boom in energy for the moment has overshadowed careful planning and proves again the old adage, “better lucky than smart.” The offshore business merits a standing ovation. Let’s hope this year we get an encore and not the “fat lady’s” aria.

Sincerely,

A handwritten signature in black ink that reads "Charles Fabrikant". The signature is written in a cursive, slightly slanted style.

Charles Fabrikant
Chairman of the Board