Dear Fellow Stockholder,

The theme of this year's letter is cash. Although U.S. GAAP is the official recognized basis for reporting results of operations and presenting a balance sheet of a public company, there can be other useful measures for evaluating performance. Net cash generated by our business activities is the one I find most compelling. To paraphrase Jerry Maguire, my goal is to "show the money," or, put differently, highlight what we can take to the bank.

In order to script a big picture narrative digestible for those not interested in details, I have defaulted to the liberal use of footnotes (a curse for anyone who has trouble reading small font).

FINANCIAL RESULTS

Earnings for SEACOR Holdings Inc. ("SEACOR") in 2018 were $58 million, or $3.04 per diluted share, a 9.3% return on beginning equity of $624 million. By *my* calculation, SEACOR produced $103 million of cash in 2018.[1] What follows is how I arrive at this number. My basic approach is to exclude U.S. GAAP entries that do not impact cash. However, I confess to taking poetic license and treating as cash equivalent certain *non-cash* entries in our accounts, such as incentive compensation (shares and options) and losses (or gains) marking public liquid securities to market.[2]

Without diminishing the relevance of depreciation (it is a real expense), I consider the most useful starting point for arriving at cash results of our on-going businesses to be operating income before depreciation and amortization ("OIBDA").[3] However, to translate SEACOR's OIBDA to "cash," it is first necessary to exclude the benefit from amortization of deferred gains. Amortization of deferred gains actually makes a positive contribution to operating income but produces no cash. Second, it's necessary to segregate out of "cash" the share of OIBDA attributable to noncontrolling interests. Our partner in SEA-Vista is the beneficial owner of some of the cash produced by OIBDA.[4]

Eliminating the $26 million benefit to OIBDA from amortizing deferred gains, OIBDA is reduced to $135 million. After backing out our partner's 49% noncontrolling interest, approximately $105 million in "cash" OIBDA "belongs" to the stockholders of SEACOR.[5]

From "cash" OIBDA it is necessary next to subtract cash interest payments (the coupon), the net make-whole premium paid to redeem our 7.375% notes, taxes paid or due for 2018 operations, and add our interest income and cash *profit* from the sale of our interest in Hawker Pacific AirServices, Limited ("Hawker Pacific").[6] (The gross proceeds from the sale of Hawker Pacific of course returned more cash than our profit; we got back our "basis.")

Results of our joint ventures ("JVs") are not incorporated into OIBDA. SEACOR has investments in 11 JVs, six of which are meaningful and relate closely to our operating activities. The significance of these six JVs to our business seems to be understated when tossed "below the line" in our consolidated statements. Although collectively the contribution to earnings from the six JVs was slightly over a $2 million loss, they produced a total of over $3 million of operating income and over $33 million in OIBDA and "cash" OIBDA. Of course, until we receive a dividend or sell our interest, SEACOR does not reap a financial benefit from these investments. In the discussion of our segments, I have added information that provides additional context for their important joint ventures.

As of December 31, 2018, receivables were almost 46% greater than the beginning of the year. This substantial increase is primarily associated with our consulting business, Witt O'Brien's, which, for most of the year, had approximately 250 people working for the government of the U.S. Virgin Islands.

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1 For the calculation of my proxy for cash earned, see Appendix I.

2 Incentive awards do not invade the treasury (i.e., take cash from), but they do dilute ownership of shareholders. Gains (or losses) related to public securities not held as long term investments or core assets – whether realized or not during a specific accounting period – represent changes in accessible cash. See footnotes 7 and 8, *infra*.

3 For the calculation of OIBDA, see the Financial Highlights' page. OIBDA is a non-GAAP financial measure.

4 In all references to "cash" OIBDA in this letter, the impact of the amortization of deferred gains, and the pro rata share of OIBDA attributable to our SEA-Vista partner, have been backed out of the U.S. GAAP numbers.

5 For the calculation of "cash" OIBDA, see the Financial Highlights' page.

6 Our portion of the 2018 cash interest payments, excluding capitalized interest and almost $3 million for our partner's portion in SEA-Vista, was $24 million. We paid out almost $6 million in a make-whole premium to holders of our 7.375% notes. That payment, pursuant to U.S. GAAP, is booked as a loss. Taxes due in 2018 totaled $19 million. Interest income earned in 2018 was about $9 million. The sale of our stake in Hawker Pacific for $78 million in April 2018 contributed $51 million based on cash invested in 2010-2011. For further details on the calculation, see Appendix I.

Our treasury ended the year with $181 million of cash.[7] Consolidated debt was $355 million, of which about $88 million is attributable to our SEA-Vista joint venture and not guaranteed by SEACOR or its other subsidiaries. During the year we retired $153 million of our 7.375% notes and exchanged $118 million of 3% convertibles for new 3.25% convertibles, which pushed out the holders' put to May 15, 2025. Excluding SEA-Vista's debt and cash, SEACOR's net debt at year end was about $94 million.[8] On March 19, 2019, we entered into a five year revolving credit line, which allows us to draw up to $125 million. Our next balance sheet event is November 19, 2020 when holders of our 3% convertible notes have the right to put them to us.[9]

OCEAN TRANSPORTATION & LOGISTICS SERVICES ("OCEAN SERVICES")

Our Ocean Services segment has five revenue streams. It also has investments in three joint ventures: a liner service to Puerto Rico from Jacksonville, Florida; a marine terminal support business in the Bahamas; and a rail ferry service between Mobile, Alabama, and Coatzacoalcos, Mexico.

We have approximately $388 million invested in this segment.[10] For 2018, it produced $44 million of operating income (excluding our partner's portion of SEA-Vista's operating income) and a little over $65 million of "cash" OIBDA. Our diversification effort and emphasis on marketing continues to pay off: over 50% of segment "cash" OIBDA in 2018 was generated by our port and harbor services, logistics support for the U.S. government, and our Caribbean liner business.

U.S. Coastwise Bulk Transportation ("Jones Act")

The Year in Review – About 40% of our investment in Ocean Services, approximately $147 million, is invested in our tanker subsidiary, SEA-Vista. We have slightly over $4 million invested in our Jones Act dry bulk business. During 2018, SEA-Vista continued to benefit from previously contracted charters. We docked one tanker for almost $6 million and had about 40 days out of service. Despite rates in the first half of 2018 being somewhat weak, we were fortunate in being able to re-charter one of our tankers that came off contract in May at a much better rate than it had been earning through the early part of the year.

During the year, SEA-Vista had limited exposure to the spot market. For the first half of 2018, the spot voyage market for coastwise transportation of petroleum suffered from the burden of excess capacity.[11] Although trip rates were generally "OK," the waiting time between cargo liftings translated into mediocre earnings measured by calendar days. In the second half of the year, rates improved largely due to incremental demand for moving crude oil from the Gulf of Mexico to the eastern seaboard refineries.

The Outlook - Subsequent to the end of the year, we reset the charter rate for one of our tankers whose initial charter rate runs through May 2019. Although the new rate is lower than that of several years ago, the two year continuation boosts SEA-Vista's revenue backlog. As of March 31, 2019, the revenue backlog is a healthy $297 million, some of which is "triple net."[12] Looking ahead, SEA-Vista has only one tanker coming off charter in the next 12 months.

At this time SEA-Vista has only its ATB operating in the spot market. It has been employed consistently moving clean petroleum products and, most recently, chemicals, such as caustic soda. This vessel is particularly well suited for parcel work in chemical trades given its ability to segregate ten grades of cargo.

For 2019, SEA-Vista has two dockings scheduled. In keeping with SEACOR policy, SEA-Vista will expense the costs of the surveys. If there are no unexpected problems, I would anticipate these ships will be out of service for about 100 days in total. Collectively, their last two dockings cost over approximately $8 million. It is unlikely we can do it for less as they are now a few years older.

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7 Cash includes cash and "near cash assets" such as cash equivalents, restricted cash, restricted cash equivalents, marketable securities and construction reserve funds, of which $8 million is attributable to SEA-Vista.

8 Net debt is calculated as debt less cash and near cash assets.

9 Pursuant to the terms of our line of credit, one year prior to the date holders of our 3% notes can put them to SEACOR we must hold and maintain cash to sufficiently satisfy the obligation.

10 In all references to what we have invested in a business, in this letter, we are referring to the stockholders' equity in the business plus or minus the intercompany balances due to/from the parent company.

11 I consider a vessel to be operating in the spot market if it is performing a contract that, at its outset, had less than six months duration. Typically in the Jones Act trade, vessels that will become free within 90 days are considered available for time charter. A normal spot voyage for a MR tanker or large articulated tug-barge unit ("ATB") would be 8-15 days duration. For a single voyage or series of voyages, charterers will typically look for vessels that are promptly available or accessible within a few weeks.

12 This reflects contract revenue backlog and does not take into account out-of-service time during dockings.

Last year I was optimistic that the Jones Act tanker fleet would begin to shrink. That may have been wishful thinking. Since last January, three vessels have been scrapped whose owners have ordered replacements. I should have kept in mind the typical decision making behavior of participants in commoditized businesses competing in fragmented markets. Each participant optimizes for its operation without considering the impact of its decision on the market. Three vessels may not sound like a big deal, but in a small market (about 90 vessels), a few assets too many perpetuate or add to excess capacity. The overall supply of vessels needs to contract if rates are going to improve to levels that provide better than marginally acceptable returns.

There is still hope. Over the next four years, eight vessels are likely to retire. Hopefully, the industry will hold off replacing them and opportunists will not be seduced into front-running what should be an improving market. Ideally, rates will reach a level for extended duration charters that provide sensible returns for investing.

A business that has growth in demand is more exciting than one that is stagnant or shrinking. The good news is that we have recently seen an incremental trade developing. Renewable ("recycled") diesel has begun to move from the Gulf Coast to California due to regulatory changes governing emissions standards. Hopefully this produces sustainable demand. Of course, like the movement of crude from the U.S. Gulf to the East Coast, arbitrage pricing will be a factor.

Dry Bulk - In 2018, both of our dry bulk vessels underwent surveys, at a collective cost of almost $8 million.[13] They were out of service about five months. Of the days available, the two ships were 77% utilized.

Our decision to dock these vessels was based on our assessment that we could earn back the cost of the docking with an attractive return for cash spent and risk incurred. These ships will not need to be docked again until 2021.

Port Services

Our investment in Port Services is approximately $142 million. The group operates 24 harbor tugs serving eight ports in the U.S.[14] In 2018, operations produced $17 million of operating income and approximately $25 million of "cash" OIBDA.

The Year in Review - "Cash" OIBDA grew by 28% from 2017.[15] Our business continues to benefit from having a "network," allowing us to offer clients service in multiple ports. We increased our customer base in 2018 by over 8%. In round numbers, we serviced 340 clients in eight ports safely completing 21,000 escorts and dockings.

Although a large percent of the ship assists involved tankers, we handled approximately 3,900 transits for container vessels and about 2,900 for bulk carriers, and several special projects, including "need to know" missions.

During 2018, Port Services put seven tugs through dockings at an aggregate expense of almost $3 million and incurred just about $2 million overhauling engines on our four tugs leased out for supporting terminal and bunkering (ship-refueling) operations in St. Eustatius.[16] It is a rare year when our group does not put 4-6 of its assets through regulatory dockings or main engine overhauls.[17]

The Outlook - I am optimistic that traffic in and out of Port Canaveral will expand. Several companies contemplate reviving programs to launch rockets from Canaveral and several cruise lines are making it one of their home ports. There is also more activity in Port Arthur. Shale crude is already being exported; as storage facilities are completed and pipelines finished, more crude should move out of the port. In addition, Port Arthur is a hub for exporting chemicals and propane. That means more traffic. Foreign trade between 2001 and 2017 has increased approximately 2+% per year. That also drives ship calls at U.S. ports. Hopefully, trade disputes will be settled and this growth continues.

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13 In addition to costs associated with the docking and repairs, we have included the cost of wages and bunkers during the out-of-service period.

14 We have four tugs operating in our Bahamas joint venture, two of which we own. We support our Trailer Bridge, Inc. joint venture with an offshore tug, towing barges to and from Puerto Rico. Port Services also owns five barges which, along with four of its tugs, are bareboat chartered to a third party for use in a bunkering operation in St. Eustatius.

15 Some of the improvement relates to deploying two new tugs. During the year, we also repurchased two assets that had been leased, thereby adding dollars to OIBDA that had previously been reflected as lease expense. Aggregate lease payment for these two tugs was approximately $2 million in 2018.

16 There tends to be a substantial differential in the cost for docking a tug ten years old or younger compared with a tug 20 years old or older, typically $150,000 to $250,000 compared with $500,000 to $800,000 or more for tugs over 20 years of age.

17 Of course there can be variability year to year. As noted in the preceding footnote, there is a substantial difference in cost for overhauling older assets. Depending on the age of vessels whose surveys and overhauls fall due there can be year-to-year differences in maintenance expenses.

Sealift Logistics ("Waterman/Central Gulf Lines")[18]

Waterman is carried on our books for about $15 million.[19] It produced $6 million of operating income and slightly over $7 million of "cash" OIBDA. I wish we had more revenue streams like this one!

The Year in Review - This past year Waterman handled ten voyages for the military and executed thirteen commercial voyages, which benefitted from picking up military cargo. One docking took a ship out of service for almost two months and cost almost $4 million between yard expense and lost revenue. We are still suffering the impact of the prior owner's cash flow problems, which caused maintenance to be deferred.

The Outlook - There are approximately 250,000 U.S. military personnel deployed in 169 foreign countries.[20] Exercises, drills, troop rotation, and equipment sales to allies provide demand for movements of government cargo. The prospects for global peace, unfortunately, do not appear to me to be significantly better now than a decade ago. Perhaps the U.S. will retreat to a more isolationist foreign policy in the future, but notwithstanding the occasional headline and tweet, it appears as if our current policy still embraces considerable global engagement.

The fleet has two dockings scheduled for 2019. If nothing untoward occurs, these surveys will take the ships out of service collectively for over 40 days and cost about $7 million in direct expenses and lost revenues.

Caribbean Island Logistics ("Island Lines")

We have approximately $26 million invested in Island Lines. Last year it recognized an operating loss of just over $1 million and produced a less-than-satisfactory "cash" OIBDA of roughly $3 million. The cash results would have been considerably improved had the group not been forced to spend over $2 million defending a frivolous lawsuit that was eventually dismissed by the judge. When it comes to filing lawsuits in the U.S. there are no barriers to entry!

The key assets of Island Lines are its unique vessels in the region, real estate, and customer list and relationships. Island Lines employs approximately 260 individuals, roughly 50% work on shore and 50% on its nine vessels.

The Year in Review and Outlook - During the past year, Island Lines added two vessels to its roster. It took much of 2018 for the capability of the expanded fleet to win over additional customers. Higher fuel costs and some new competition entering trade lanes also weighed on profitability.

Island Lines' key markets continue to grow. Three major cruise lines are renovating or building private resort islands as day destinations for passengers. Two major hotel openings are planned for 2020. The group is focused on expanding its services to provide full logistics management for these destinations. The home run for Island Lines is to drive more volume and higher value cargo through its Florida distribution hub and add logistics services to what it already does, delivering cargo between ports.

Segment Joint Ventures

Trailer Bridge, Inc. ("Trailer Bridge") had a banner year. Our 55% interest contributed a little over $7 million to segment profit. Our Bahamian joint venture, KSM, contributed just shy of $1 million to segment profit. Unfortunately our rail ferry joint venture, CG Railway ("CG"), hurt segment profit, our share of its loss being approximately $4 million. ("Below the line" does count.) Operational issues sidelined both of CG's vessels for a substantial portion of the year. For a few weeks over the summer, neither was operational. Since service resumed, it has taken time to regain the confidence of customers, normalize logistics after cancelled voyages left railcars stranded, and rebuild market share. We and our partner continue to have a positive outlook for the long term opportunity in this service. In order to sustain and grow the business, CG placed an order for two new vessels which will be delivered in 2021. These vessels will increase capacity in terms of car intake, improve transit times, and enhance reliability. They should also be cheaper to operate. In 2018, the three joint ventures collectively produced operating income and "cash" OIBDA of approximately $11 million and $19 million, respectively.

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[18] Waterman is celebrating its centennial in 2019. To highlight its proud military heritage, we are planning on using this brand more prominently.

[19] As Waterman charters in all four of its PCTCs on a bareboat basis, we have very little capital invested; however, under the new accounting rules, which become effective in 2019, we will capitalize the stream of lease obligations. Under the new accounting presentation, these operating leases will show up on our balance sheet as $24 million of assets and liabilities on January 1, 2019.

[20] Sources include: Defense Manpower Data Center's DOD Personnel, Workforce Reports & Publications, supplemented by two articles concerning Afghanistan, Iraq, and Syria in the *Military Times* "U.S. to Withdraw About 7,000 Troops from Afghanistan, Officials Say" (December 20, 2018) and the *New York Times* "US to Remain in Iraq 'As Long As Needed,' Command Says" (August 20, 2018).

INLAND TRANSPORTATION LOGISTICS SERVICES ("SCF")

SCF has five revenue streams. It also has three significant joint ventures. SEACOR has about $293 million invested in this segment.[21] In 2018, operating income for SCF was $18 million. "Cash" OIBDA was approximately $40 million, of which 60%, in round numbers, came from operating our barge pool.[22] These pool results fell significantly short of the results for most of the years since 2006.

SCF owns 585 dry-cargo covered barges and leases 48. As of December 31, 2018, the owned fleet's net book value was approximately $116 million and the average age was 10 years old. Third parties own 481 barges. These 1,114 barges pool revenue and expenses.

The Year in Review - The good news was the balance between supply of and demand for barges primarily working in the grain trades improved. Increased movement of sand for the oil patch occupied perhaps as many as 300-400 covered barges, based on our internal estimate, and a robust coal export program drew, by our estimate, 600-700 barges out of the covered trade. The bad news was that the weather wreaked havoc, much as it did in 2017. For most of the year, SCF struggled with difficult operating conditions.

The pool handled approximately 7,600 loadings of agricultural products and 1,200 trips with industrial cargo (fertilizer, cement, shale, steel, scrap, and ore) and its barges made an average of seven trips during the year.

I have been involved in the inland business since 1981. It is rare that river conditions are "normal." Some years our industry has had to cope with "low water," (inordinately dry weather), which restricts loads and causes navigation issues. Some years, as was the case in 2017 and 2018 and the first three months of this year, the industry has had to operate with "high water." It took me 20+ years to figure out that high water can inflict as much pain on owners as low water. Both disrupt navigation, and, in some cases, cuts off access to load berths.[23] Farmers and barge operators always have weather as a topic for breakfast conversation.

Last year, weather, on balance, penalized the barge pool's results. High water conditions in the second quarter restricted tows from transiting with the usual retinue of 30 barges when moving south, and slowed down transits. By way of example, a "typical" round trip from St. Louis to New Orleans is about 35 days. In "normal" river conditions, our barges would load 2,200 billable tons of cargo in St. Louis. If the trip requires 45 days, profit can be reduced by up to 30% due to slow transit, waiting for boat availability, and incurring additional fleeting cost. Although rates sometimes partially compensate for the difficult operating conditions, very often they do not cover entirely the extra cost and added days.

Our fleeting operations and terminals both enjoyed a reasonable year and collectively made a meaningful contribution to SCF's "cash" OIBDA.[24] We would have had an even better year had labor shortages not forced terminals to turn away business. If anyone doubts the monthly "jobs report" and unemployment statistics published by the U.S. government, SCF's experience this year proves they were correct. Our group has inaugurated training programs and now provides housing and basic education, teaching young people "skills" such as managing checkbooks. We have to be proactive to bring on board entry level workers. Although many "talking heads" are focused on signs suggesting that economic activity is slowing, our St. Louis operations are still short of labor.

SCF's focus is on raising productivity of its work force. It has embarked on a capital improvement program. New locomotives can now be operated remotely. (Great fun for anyone who enjoyed electric trains as a kid.) The newer generation cranes will also be more efficient.

Our fleets also had a busy year. Fleeting operations, like freight operations, are sensitive to river conditions. Ironically, when long haul transit is slow, utilization at fleets should increase. As I write this letter, "high water" is forcing us to reduce available slots to insure the safety of equipment.

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21 In the U.S., Inland owns warehouses, fleeting sites (riparian rights), cranes, locomotives, fork lifts, fleet boats, line haul towboats, specialty barges, and dry-cargo barges operating in the pool. Inland also owns barges and towboats that are working in Colombia.

22 "Cash" OIBDA included just over $4 million of gains on the sale of barges.

23 It took me 40 years to figure out that water levels in the river are measured by a reference to sea level. When the measuring gauge at Carrolton (New Orleans) reads "12' over," it is using sea level as the reference, not the river bottom or embankment. However, the measurement would be different in St. Louis.

24 Taking into account the earnings from providing services to the barge pools we manage (which are eliminated for U.S. GAAP reporting purposes), the two operations contributed approximately 30% of "cash" OIBDA.

We have approximately $33 million invested in our Colombian operations. Last year its three boats and 20 barges contributed approximately $5 million to SCF's "cash" OIBDA, more than a 10% improvement from 2017. (River conditions are also a very important factor in the Magdalena!) Our contract with Eco-Petrol runs through December 2020. For those interested in a profile of the Colombian barge market, see the footnote below.[25]

The Outlook – SCF's barge pools in 2019 started on a positive note. Thus far, wet weather has been a blessing, not a curse, at least for SCF's operations. (Fortunately, we do not operate in the Ohio River.) Until now, dislocation and difficult navigation has worked in our favor. Of course there can be too much of a good thing; high water could punish second quarter results. The trade dispute with China has encouraged South American farmers to plant additional acreage; that will eat – apology for the pun – into the United States' share of global agriculture exports. If the South American harvest this year produces a good crop, as now anticipated, our barge pools could face a difficult second semester. I have no sense, as of today, as to prospects for the second half of the year; river conditions and grain exports are "wild cards."

The good news is that during 2018 more dry cargo barges were retired than added to the system. The hopper barge order book is minimal. Steel prices have climbed to just shy of $900 for plate and shipyards have shifted capacity to building tank barges. The sticker price for a new covered hopper barge exceeds $600,000. (This is definitely sticker shock considering we paid approximately $400,000 three years ago.) With the current price of steel, shipyards do not have room to offer meaningful discounts. Steel producers are publicly stating they will add capacity, but it will take a while before it comes on line. It is probably one, if not two years, before the offer price for a new hopper barge will be significantly less than that quoted today. By 2021 the barges delivered in 1996-1997 (relatively big years for new construction) will be almost 25 years old, when owners might begin to think about retiring equipment if market conditions are not very good. I am optimistic that retirement of covered hopper barges will continue to outpace new construction as was the case in 2018. I estimate there are in round numbers 1,200 dry cargo barges operating that were built 1995 and earlier.

Segment Joint Ventures

SCF's three main joint ventures include the ownership of grain elevators, a partnership that operates towboats, and a business transporting bulk dry cargo in the South American river system that connects Brazil, Bolivia, Paraguay, Argentina and Uruguay. Our share of their aggregate loss was almost $6 million, a drag on segment profit in 2018. Although the three joint ventures collectively had an operating loss of nearly $8 million in 2018, they produced over $14 million of "cash" OIBDA.

CRISIS AND EMERGENCY MANAGEMENT ("WITT O'BRIEN'S")

SEACOR's investment in Witt O'Brien's is about $100 million, over 50% represented by parent company advances to fund working capital pending collection of receivables. Witt O'Brien's uses no equipment; operating income and "cash" OIBDA are almost identical. In 2018, Witt O'Brien's produced operating income and "cash" OIBDA of $22 million and $24 million, respectively.[26] This represents a more than fivefold increase over 2017.

Business Description - In light of Witt O'Brien's significant contribution to 2018 results, expanding on the description of the business included in last year's letter seems appropriate.

In general terms, Witt O'Brien's specializes in crisis and emergency management and identification and assessment of risk. It helps organizations prepare for disruption with planning, training, exercises, and hazard mitigation. When problems arise, its experts deploy in a matter of hours to help manage the response. It also accelerates the return to "business as usual" by designing and leading recovery programs that integrate Federal funds, insurance and local resources. Its clients include state, territory and local governments, and over 1,000 corporations.

[25] Our fleet represents approximately 15% of the double hull tank barges operating on the Colombian river system. In total there are just shy of 330 barges in the system of which 250 are tank barges. There are eight active operators. SCF's Naviera fleet has an average age of 15 years, significantly younger than the average age of the entire fleet serving the Magdalena system, which is 24 years. There are 19 people manning our office in Baranquilla.

[26] In addition to the operating business, O'Brien's has a 50% interest in O'Brien's do Brasil Consultoria em Emergencias e Meio Ambiente S/A, which is a Brazilian company involved in disaster response. It contributed $0.2 million to segment profit.

Witt O'Brien's runs its operations from offices in Washington, DC and Houston, TX, with staff deployed to client locations around the world. It has 125 full-time staff; temporary employees can number from the current 200 to more than 1,000, depending on incident management requirements in the field. Although Witt O'Brien's business is "asset light," it does consume working capital; the busier it is, the more capital required to fund receivables. As the vernacular goes, "busy is good." The expertise of Witt O'Brien's personnel is the secret sauce, but the capital that its parent provides is the sweetening ingredient. The backing of a strong balance sheet is necessary to cover the payroll for sub-contractors, many of which need to be paid before Witt O'Brien's collects from its clients.

The business today transcends its original calling card as a specialist in oil spill management and oversight of post-disaster debris removal, to ensure qualification for federal funding. One of the keys to Witt O'Brien's growth has been expanding its areas of expertise. (Think of a law firm that is transformed from a tax boutique to a full-service provider, handling corporate affairs, litigation, counseling, etc.) In the last three years, Witt O'Brien's has broadened its coverage of the disaster lifecycle, adding experts in corporate crisis management and business continuity, risk mitigation and personnel with expertise across multiple Federal programs.

The Year in Review - Witt O'Brien's activities in the U.S. Virgin Islands ("USVI") highlight the broad range of services it can now deliver to manage the nation's most complex disasters. Following the unprecedented impacts of back-to-back Category 5 hurricanes in September 2017, the firm first deployed a small team on a humanitarian mission and soon after was appointed the Territory's lead recovery consultant. Witt O'Brien's helped accelerate restoration of power, telecommunications and other critical utilities, and managed debris removal. The firm's senior experts then assisted the USVI in gaining commitments of federal disaster aid that is ultimately expected to exceed $8 billion.

Now well into the restoration phase, Witt O'Brien's is helping the USVI to implement its multibillion-dollar Federal assistance package from FEMA, HUD, Department of Transportation and other agencies. It is also performing a range of program management services, acting as the USVI's "owner's representative" for major programs such as the $500 million Emergency Housing Repair program (overseeing repairs to over 7,500 homes), a $200 million temporary schools construction program, and a $500 million roadway improvement program. The firm is also supporting the USVI Office of Disaster Recovery - Program Management Office, which is responsible for maintaining master schedules on hundreds of key recovery projects, developing performance metrics, and producing interactive progress monitoring tools and dashboards for the Governor's Office. Witt O'Brien's partnership with the USVI continues in 2019.

Although the U.S. Virgin Islands was the focus of Witt O'Brien's public sector practice in 2018, it also assisted over 90 other state, territorial, and local governments, including Texas, North Carolina, Florida, California and Puerto Rico. The team is also working in Saudi Arabia and Brazil (via a joint venture). The firm expanded its private sector service offerings through the acquisition of Strategic Crisis Advisors, a boutique firm specializing in crisis management and business continuity. Its specialists help senior corporate executives to prepare for the sort of crises that can threaten a company's reputation, finances and even viability: from natural disasters to active shooters, cyber-attacks, supply chain disruption or terrorism. The customer base includes both Fortune 500 and mid-tier companies, and domestic and international clients.

The Outlook - Witt O'Brien's serves a growing market. The concept of disaster management – and its implications for both governments and companies – continues to expand. Regulations, responding to public expectations, are mandating improved readiness. Investors are also concerned. Boards of public companies must now engage in periodic risk assessment; a growing number are pressing for improved preparedness. Witt O'Brien's has strong momentum as it enters 2019, with options for both organic growth and acquisitions, given a large cadre of privately held boutiques providing niche services in crisis and emergency management.

CLEANCOR

Last year we bought out our partner's 50% share of CLEANCOR. This is a small investment and will, for the foreseeable future, have little impact on our results. The only reason for highlighting the acquisition is that CLEANCOR distributes natural gas. As a reseller, its revenue will be substantial relative to its margins.

ACCOUNTING, FASB STRIKES AGAIN

The best news is the 2018 change in U.S. GAAP requiring us to recognize revenues associated with barges owned by third parties is the new rule seems to have been a "Y-2K" type event; it has gone unnoticed. It has not elicited any comments or questions from investors. I am not optimistic that FASB's most recent daub to U.S. GAAP reporting will disappear into the financial picture quite as easily.

Beginning with 2019, new accounting rules require us to book on our balance sheet, as assets and liabilities, the present value of lease payment obligations if their term exceeds 12 months. At first blush, this change, folding operating leases into the balance sheet, might appear to be much ado about nothing since assets and liabilities will offset one another. The change in presentation simply adds girth to balance sheets but does not change net book value. The good news is the income statement will not be impacted: lease payments are already booked as an expense.

Despite the overall gross obligation under a lease being a constant, the liability and assets reflecting the present value of the lease payments on the balance sheet could, at some point in time, diverge. This is hardly an improvement in reporting, at least in my view. The change may appropriately capture capital employed by operations, which is not presently included in the balance sheet, but the new rules will also make it more difficult to place present performance in the context of historical results. More footnotes![27]

A more salutary fallout from this new U.S GAAP rule is the elimination of the recognition of most deferred gains from operating results. Under the rule, our opening balance sheet will book a one-time entry boosting net assets by all deferred gains arising from sale-leaseback transactions that when booked would not be matched with cash receipts.[28] This change will increase book value. I consider this a gift from FASB, as it eliminates most of the noise of deferred gains in the operating income presentation.

CLOSING REMARKS

It is now almost two years since SEACOR completed the spin-off of its offshore marine division.[29] Pinning a "label" on our Company is difficult given the diversity of our businesses. SEACOR is not a "shipping" company in the sense that capital markets use the term. Nor is it an energy company. Unlike technology, or a business making or selling consumer products, the services SEACOR provides are not of a nature that most investors experience. I hope this letter made it easier to understand our businesses.

Our longest serving board member, Pierre de Demandolx, will be retiring in June 2019. Pierre has been a valuable counsellor since joining in 1994. He brought a perspective that has been particularly helpful in a world that has become more global in the past 25 years.

My thanks to all stockholders for their support.

Charles Fabrikant

Charles Fabrikant

27 Pursuant to this change in U.S. GAAP, on January 1, 2019 the assets and liabilities on our balance sheet will increase by approximately $175 million.

28 Pursuant to this change in U.S. GAAP, most of our remaining deferred gains relate to the sale of barges to SCFCo Holdings LLC for which we have received a note.

29 We finally adopted a new logo, (see front cover), distinct from that of SEACOR Marine Holdings Inc.

FINANCIAL HIGHLIGHTS FROM CONTINUING OPERATIONS (U.S. dollars, in thousands)

	Years Ended December 31,				
	2018	2017	2016	2015	2014
CONSOLIDATED BUSINESS[1]					
Operating Income (Loss)	**$ 85,999**	$ 50,483	$ (9,700)	$ 43,289	$ 54,666
(+) Depreciation and amortization	**74,579**	75,058	62,565	60,356	63,085
OIBDA[2]	**160,578**	125,541	52,865	103,645	117,751
(−) Amortization of deferred gains[3]	**(25,737)**	(17,352)	(17,493)	(17,548)	(16,516)
OIBDA less deferred gains	**134,841**	108,189	35,372	86,097	101,235
(+) Accelerated vesting of incentive compensation[4]	**-**	16,614	-	-	-
(−) Partner's portion of SEA-Vista's OIBDA less deferred gains[5]	**(30,292)**	(35,501)	(21,215)	(16,525)	(19,310)
"Cash" OIBDA[6]	**$ 104,549**	$ 89,302	$ 14,157	$ 69,572	$ 81,925
OCEAN TRANSPORTATION & LOGISTICS SERVICES[1]					
Operating Income	**$ 71,988**	$ 74,647	$ 48,436	$ 45,592	$ 48,766
(+) Depreciation and amortization	**46,270**	46,073	31,162	26,296	28,420
OIBDA[2]	**118,258**	120,720	79,598	71,888	77,186
(−) Amortization of deferred gains[3]	**(22,592)**	(14,480)	(15,004)	(14,086)	(12,820)
OIBDA less deferred gains	**95,666**	106,240	64,594	57,802	64,366
(+) Accelerated vesting of incentive compensation[4]	**-**	2,058	-	-	-
(−) Partner's portion of SEA-Vista's OIBDA less deferred gains[5]	**(30,292)**	(35,501)	(21,215)	(16,525)	(19,310)
"Cash" OIBDA[6]	**$ 65,374**	$ 72,797	$ 43,379	$ 41,277	$ 45,056
INLAND TRANSPORTATION & LOGISTICS SERVICES					
Operating Income	**$ 18,034**	$ 11,166	$ 5,333	$ 33,136	$ 62,517
(+) Depreciation and amortization	**24,164**	25,852	26,327	28,632	29,435
OIBDA[2]	**42,198**	37,018	31,660	61,768	91,952
(−) Amortization of deferred gains[3]	**(3,077)**	(2,869)	(2,489)	(3,462)	(3,696)
OIBDA less deferred gains	**39,121**	34,149	29,171	58,306	88,256
(+) Accelerated vesting of incentive compensation[4]	**-**	2,063	-	-	-
"Cash" OIBDA[6]	**$ 39,121**	$ 36,212	$ 29,171	$ 58,306	$ 88,256
WITT O'BRIEN'S[7]					
Operating Income (Loss)	**$ 21,790**	$ 2,882	$ (32,985)	$ 2,251	$ (5,512)
(+) Depreciation and amortization	**1,944**	819	1,539	1,711	1,045
OIBDA[2]	**23,734**	3,701	(31,446)	3,962	(4,467)
(+) Accelerated vesting of incentive compensation[4]	**-**	565	-	-	-
"Cash" OIBDA[6]	**$ 23,734**	$ 4,266	$ (31,446)	$ 3,962	$ (4,467)

1 On May 2, 2014, SEACOR issued a 49% noncontrolling interest to a financial investor in SEA-Vista, which owns and operates the Jones Act tanker fleet. SEA-Vista's results are included in operating income, depreciation and amortization, and the amortization of deferred gains.

2 SEACOR defines OIBDA, a non-GAAP financial measure, as operating income (loss) plus depreciation and amortization. For additional information, see SEACOR's disclosure regarding OIBDA, a non-GAAP financial measure, and the rationale for its use in SEACOR's earnings releases.

3 Amortization of deferred gains may be included in operating expenses as a reduction to rental expense and/or included in gains (losses) on asset dispositions and impairments, net.

4 Non-recurring expenses associated with the accelerated vesting of incentive compensation related to the spin-off of SEACOR Marine Holdings Inc. and in advance of changes in the U.S. federal income tax code.

5 Reflects our partner's portion of OIBDA less the amortization of deferred gains related to SEA-Vista.

6 "Cash" OIBDA is defined as OIBDA less the amortization of deferred gains in the period less our partner's portion of OIBDA less the amortization of deferred gains for SEA-Vista. In 2017, we added back the costs associated with the accelerated vesting of incentive compensation.

7 On July 11, 2014, SEACOR acquired a controlling interest in Witt O'Brien's through the acquisition of its partner's 45.8% equity interest.

Forward-Looking Statement: *Certain statements discussed in this Annual Report 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 significant 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. Readers should refer to the Company's Form 10-K and particularly the "Risk Factors" section, which is included in this Annual Report, for a discussion of risk factors that could cause actual results to differ materially.*

APPENDIX I: Proxy for Cash Earned (U.S. dollars, in thousands)

		Year Ended December 31, 2018
CONSOLIDATED BUSINESS[1]		
Operating Income	$	**85,999**
(+) Depreciation and amortization		**74,579**
OIBDA[2]		**160,578**
(–) Amortization of deferred gains[3]		**(25,737)**
OIBDA less deferred gains		**134,841**
(–) Partner's portion of SEA-Vista's OIBDA less deferred gains[4]		**(30,292)**
"Cash" OIBDA[5]	$	**104,549**
Income (Expense) Add Backs:		
Interest paid[6]	$	**(24,138)**
Make-whole premium to redeem the 7.375% notes		**(5,601)**
Interest income received		**8,730**
Income tax obligation		**(18,915)**
Marketable security losses, net		**(12,431)**
Return from sale of Hawker Pacific Airservices, Limited[7]		**51,000**
Proxy for cash earned	$	**103,194**

1 SEA-Vista's consolidated results are included in operating income, depreciation and amortization, and the amortization of deferred gains. SEACOR has a 49% partner in SEA-Vista. See footnote 4, *infra*.

2 SEACOR defines OIBDA, a non-GAAP financial measure, as operating income plus depreciation and amortization.

3 Amortization of deferred gains may be included in operating expenses as a reduction to rental expense and/or included in gains (losses) on asset dispositions and impairments, net.

4 Reflects our partner's portion of OIBDA less the amortization of deferred gains related to SEA-Vista.

5 "Cash" OIBDA is defined as OIBDA less the amortization of deferred gains in the period less our partner's portion of OIBDA less the amortization of deferred gains for SEA-Vista.

6 Excludes capitalized interest and is net of our partner's portion of SEA-Vista's interest paid of $2.7 million.

7 The sale of our 34.2% interest in Hawker Pacific AirServices, Limited for approximately $78.0 million in April 2018 contributed $51.0 million cash profit based on cash invested in 2010-2011. Our book gain was slightly more at $53.9 million as a result of recording net equity losses during our ownership.

APPENDIX II: Corporate Performance

Year	Return on Equity [1]	Total Debt to Total Capital [2]	Net Debt to Total Capital [3,4]	Book Value Per Share [5]	Market Price Per Share [6]	Market High Price Per Share [7]	Market Low Price Per Share [8]	Book Value Per Share with Dividends Included [9]	Market Price Per Share with Dividends Included	S&P 500 Index with Dividends Included
								Annual Percentage Change		
1992	-	-	-	$ 7.84	$ 9.50	$ 9.67	$ 9.50	-	-	-
1993	11.0%	51.6%	31.9%	8.72	15.33	18.50	8.67	11.2%	61.4%	10.1%
1994	10.4%	47.3%	22.4%	9.81	13.00	15.83	11.83	12.5%	(15.2)%	1.3%
1995	11.9%	40.9%	31.6%	12.27	18.00	18.17	12.08	25.1%	38.5%	37.5%
1996	21.8%	38.5%	12.4%	16.92	42.00	43.50	17.58	37.9%	133.3%	22.9%
1997	33.9%	41.5%	(2.6)%	22.74	40.17	47.25	26.67	34.4%	(4.4)%	33.3%
1998	26.6%	45.2%	3.4%	28.55	32.96	41.29	21.50	25.5%	(17.9)%	28.5%
1999	5.7%	46.2%	19.2%	29.97	34.50	37.71	26.25	5.0%	4.7%	21.0%
2000	6.7%	40.7%	3.6%	32.28	52.63	44.71	37.75	7.7%	52.5%	(9.1)%
2001	12.8%	28.0%	3.1%	37.03	46.40	54.00	35.10	14.7%	(11.8)%	(11.9)%
2002	6.3%	33.3%	(10.2)%	40.41	44.50	50.80	37.11	9.1%	(4.1)%	(22.1)%
2003	1.5%	30.1%	(9.6)%	41.46	42.03	44.20	33.95	2.6%	(5.6)%	28.7%
2004	2.6%	39.4%	3.4%	45.20	53.40	55.75	37.35	9.0%	27.1%	10.9%
2005	20.1%	40.3%	11.4%	56.04	68.10	73.90	52.90	24.0%	27.5%	4.9%
2006	16.5%	37.0%	0.3%	64.52	99.14	101.48	68.11	15.1%	45.6%	15.8%
2007	15.0%	35.7%	(3.4)%	72.73	92.74	102.81	81.60	12.7%	(6.5)%	5.6%
2008	13.3%	36.4%	10.9%	81.44	66.65	97.35	53.40	12.0%	(28.1)%	(37.0)%
2009	8.8%	28.7%	(2.4)%	86.56	76.25	91.09	53.72	6.3%	14.4%	26.4%
2010	12.5%	28.6%	(5.4)%	83.52	101.09	114.80	67.59	13.8%	52.5%	15.1%
2011	2.3%	36.6%	7.9%	85.49	88.96	112.43	78.31	2.0%	(12.0)%	2.1%
2012	3.4%	35.5%	16.8%	86.17	83.80	99.31	82.11	5.7%	(0.1)%	16.0%
2013	2.2%	38.2%	2.3%	68.73	91.20	98.45	68.17	3.2%	40.3%	32.4%
2014	7.1%	36.8%	4.0%	77.15	73.81	90.05	68.56	7.7%	(19.1)%	13.5%
2015	(4.9)%	43.5%	6.0%	74.08	52.56	77.65	50.40	(2.6)%	(28.8)%	1.4%
2016	(17.0)%	46.3%	16.1%	60.97	71.28	72.97	42.35	(11.4)%	35.6%	11.8%
2017	5.8%	43.5%	18.2%	34.77	46.22	75.47	32.06	5.1%	3.8%	21.9%
2018	**9.3%**	**29.3%**	**14.3%**	**38.41**	**37.00**	**58.75**	**35.07**	**3.4%**	**(19.9)%**	**(4.4)%**
Overall Return (1992-2018)								1,412.4%	880.5%	863.7%
Compounded Annual Return (1992-2018)								10.7%	9.2%	9.1%

1 Return on equity is calculated as net income (loss) attributable to SEACOR Holdings Inc. divided by SEACOR Holdings Inc. stockholders' equity at the beginning of the year.

2 Total debt to total capital is calculated as total debt divided by the sum of total debt, including capital leases, and total equity. Total equity is defined as SEACOR Holdings Inc. stockholders' equity plus noncontrolling interests in subsidiaries. Amounts presented do not exclude discontinued operations of National Response Corporation and certain affiliates, SEACOR Energy Inc., and Era Group Inc. prior to 2013. It also does not exclude SEACOR Marine Holdings Inc. and Illinois Corn Processing LLC prior to 2017. Amounts presented for total debt from 2015 to 2018 include debt issuance costs.

3 Net debt to total capital is calculated as total debt less cash and near cash assets divided by the sum of total debt and total equity. Total equity is defined as SEACOR Holdings Inc. stockholders' equity plus noncontrolling interests in subsidiaries. Amounts presented do not exclude discontinued operations of National Response Corporation and certain affiliates, SEACOR Energy Inc., and Era Group Inc. prior to 2013. It also does not exclude SEACOR Marine Holdings Inc. and Illinois Corn Processing LLC prior to 2017. Amounts presented for total debt from 2015 to 2018 include debt issuance costs.

4 The off-balance sheet undiscounted minimum payments on future lease obligations (in excess of one year) net of non-cancellable subleases (a.k.a. future operating lease obligations) was $72.0 million as of December 31, 2018. If we include future lease obligations to the net debt to total capital computation, the percentage changes to 19.1% for 2018. For additional information on operating leases, see Note 16 to our Consolidated Financial Statements in our 2018 Annual Report on Form 10-K.

5 Total book value per common share is calculated as SEACOR Holdings Inc. stockholders' equity divided by common shares outstanding at the end of the period. Amounts presented from 1992 to 1999 have been adjusted for the three-for-two stock split effected on June 15, 2000. Book value per share from 2010 to 2018 was impacted by the Special Cash Dividends of $15.00 per common share and $5.00 per common share paid to stockholders on December 14, 2010, and December 17, 2012, respectively. Book value per share from 2013 to 2018 was also impacted by the spin-off of Era Group Inc. on January 31, 2013, amounting to $20.88 per common share. Book value per share in 2017 and 2018 was impacted by the spin-off of SEACOR Marine Holdings Inc. on June 1, 2017, amounting to $29.69 per common share, and a dividend of Dorian LPG Ltd. shares, amounting to $1.75 per common share.

6 This represents closing prices at December 31. Amounts presented from 1992 to 1999 have been adjusted for the three-for-two stock split effected on June 15, 2000. Market price per share was impacted by the Special Cash Dividends of 2010 and 2012, the spin-off of Era Group Inc. on January 31, 2013 (closing price of $20.39), the spin-off of SEACOR Marine Holdings Inc. on June 1, 2017 (closing price of $20.59), and the dividend of Dorian LPG Ltd. shares in 2017.

7 This represents the high closing prices during the period. Amounts presented from 1992 to 2000 have been adjusted for the three-for-two stock split effected on June 15, 2000. Market price per share was impacted by the Special Cash Dividends of 2010 and 2012, the spin-off of Era Group Inc. on January 31, 2013 (closing price of $20.39), the spin-off of SEACOR Marine Holdings Inc. on June 1, 2017 (closing price of $20.59), and the dividend of Dorian LPG Ltd. shares in 2017.

8 This represents the low closing prices during the period. Amounts presented from 1992 to 1999 have been adjusted for the three-for-two stock split effected on June 15, 2000. Market price per share was impacted by the Special Cash Dividends of 2010 and 2012, the spin-off of Era Group Inc. on January 31, 2013 (closing price of $20.39), the spin-off of SEACOR Marine Holdings Inc. on June 1, 2017 (closing price of $20.59), and the dividend of Dorian LPG Ltd. shares in 2017.

9 The annual percentage changes from 2009 to 2018 were adjusted to add back the Special Cash Dividends of 2010 and 2012. The annual percentage changes from 2012 to 2017 were adjusted to add back the spin-off of Era Group Inc. of $20.88 per common share in 2013. The annual percentage change from 2016 to 2018 was adjusted to add back the spin-off of SEACOR Marine Holdings Inc. of $29.69 per common share in 2017, and the dividend of Dorian LPG Ltd. shares, amounting to $1.75 per common share in 2017. The compounded annual return has also been adjusted accordingly.