

TIDEWATER INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years ended March 31, 2010, 2009, and 2008

supplemental plan. The carrying value of the trust assets at March 31, 2010 and 2009, is after the effect of \$0.8 million and \$3.4 million, respectively, of after-tax unrealized losses (\$1.3 million and \$5.3 million pre-tax, respectively), which are included in accumulated other comprehensive income (other stockholders' equity). To the extent that trust assets are liquidated to fund benefit payments, gains or losses, if any, will be recognized at that time. The company's obligation under the supplemental plan, which is included in "other current liabilities" and "other liabilities and deferred credits" on the consolidated balance sheet, amounted to \$24.0 million and \$27.7 million, respectively, at March 31, 2010 and 2009.

The supplemental plan was amended in December 2008 to allow participants the option to elect a lump sum benefit in lieu of other payment options currently provided by the plan. As a result of the amendment, certain participants received a lump sum distribution in July 2009 in settlement of the supplemental plan obligation. The aggregate payment to those participants electing the lump sum distribution in July 2009 was \$8.7 million. A settlement loss of \$3.6 million was recorded in general and administrative expenses during the quarter ended September 30, 2009.

The company did not contribute to the supplemental trust during fiscal 2010 and 2009. No decision has been made as to any funding to be completed during fiscal 2011. The supplemental plan is a non-qualified plan and, as such, the company is not required to make contributions to the supplemental plan.

Postretirement Benefit Plan

Qualified retired employees currently are covered by a program which provides limited health care and life insurance benefits. Costs of the program are based on actuarially determined amounts and are accrued over the period from the date of hire to the full eligibility date of employees who are expected to qualify for these benefits. This plan is funded through payments as benefits are required.

Investment Strategies

Pension Plan

The obligations of our pension plan are supported by assets held in a trust for the payment of future benefits. The company is obligated to adequately fund the trust. For the pension plan assets, the company has the following primary investment objectives: (1) closely match the cash flows from the plan's investments from interest payments and maturities with the payment obligations from the plan's liabilities; (2) closely match the duration of plan assets with the duration of plan liabilities and (3) enhance the plan's investment returns without taking on undue risk by industries, maturities or geographies of the underlying investment holdings.

If the plan assets are less than the plan liabilities, the pension plan assets will be invested exclusively in fixed income debt securities. Any investments in corporate bonds shall be at least investment grade, while mortgage and asset-backed securities must be rated "A" or better. If an investment is placed on credit watch, or is downgraded to a level below the investment grade, the holding will be liquidated, even at a loss, in a reasonable time period. The plan will only hold investments in equity securities if the plan assets exceed the estimated plan liabilities.

The cash flow requirements of the pension plan will be analyzed at least annually. Portfolio repositioning will be required when material changes to the plan liabilities are identified and when opportunities arise to better match cash flows with the known liabilities. Additionally, trades will occur when opportunities arise to improve the yield-to-maturity or credit quality of the portfolio.

Supplemental Plan

The investment policy of the supplemental plan is to assess the historical returns and risk associated with alternative investment strategies to achieve an expected rate of return of 5% to 7% for equity securities, 1% to 3% for debt securities and up to 1% for cash and cash equivalent investments. The objectives of the plan are designed to maximize total returns within prudent parameters of risk for a retirement plan of this type.