

composition of the company's offshore service vessel fleet includes vessels that are operated under joint ventures, as well as vessels that are stacked or withdrawn from service.

The company has one of the most global operating footprints in the offshore energy industry with operations in most of the world's significant crude oil and natural gas exploration and production regions. The company is also one of the most experienced international operators in the offshore energy industry with over five decades of international experience.

As of March 31, 2010, the company had 394 vessels (of which 10 were operated through joint ventures, 83 were stacked and seven were withdrawn from service) servicing the global energy industry. Please refer to Note 1 to Notes to Consolidated Financial Statements included in Item 8 of this report for additional information regarding our stacked vessels and vessels withdrawn from service.

The company also operates two shipyards, which construct, modify and repair vessels. The shipyards perform both repair work and new construction work for outside customers, as well as the construction, repair and modification of the company's own vessels.

The company's revenues, net earnings and cash flows from operations are largely dependent upon the activity level of its offshore marine vessel fleet. As is the case with other energy service companies, our business activity is driven by the level of drilling and exploration activity by our customers. Our customer's business activity, in turn, is dependent on crude oil and natural gas prices, which fluctuate depending on expected future levels of supply and demand for crude oil and natural gas, and on estimates of the cost to find, develop and produce reserves.

Offices and Facilities

The company's worldwide headquarters and principal executive offices are located at 601 Poydras Street, New Orleans, Louisiana 70130, and its telephone number is (504) 568-1010. The company's United States (U.S.) marine operations are based in Amelia, Louisiana; Oxnard, California; and Houston, Texas. The company's shipyards and shipyard operations are located in Houma, Louisiana. We conduct our international operations through facilities and offices located in over 30 countries. Our principal international offices and/or warehouse facilities, most of which are leased, are located in Rio de Janeiro and Macae, Brazil; Ciudad Del Carmen, Mexico; Port of Spain, Trinidad; Aberdeen, Scotland; Cairo, Egypt; Luanda and Cabinda, Angola; Lagos and Onne Port, Nigeria; Douala, Cameroon; Singapore; Perth, Australia; and Dubai, United Arab Emirates. The company's operations generally do not require highly specialized facilities, and suitable facilities are generally available on a lease basis as required.

Business Segments

The company operates in two reportable segments: International and the United States. The principal customers for each business segment are major and independent oil and natural gas exploration, field development and production companies; drilling contractors; and other companies that provide various services to the offshore energy industry, including but not limited to, offshore construction companies, diving companies and well stimulation companies. The international business segment also has customers that are foreign government-owned or -controlled organizations and companies that explore and produce oil and natural gas.

The company's vessels in its international segment are geographically dispersed in the major crude oil and natural gas exploration and development areas throughout the world. Although barriers such as mobilization costs, the availability of suitable vessels and cabotage rules in certain countries occasionally restrict the ability of the company to move vessels between international markets, the company's diverse, mobile asset base and the wide geographic distribution of its vessel assets enable the company to respond relatively quickly to changes in market conditions. As such, significant variations between international regions tend to be of a short-term duration, as the company routinely moves vessel between and within geographic regions.

The company's internationally based vessels operate in the shallow, intermediate and deepwater offshore markets around the world. The deepwater offshore market continues to be a growing sector of the international offshore crude oil and natural gas markets and is the one sector that has not experienced significant negative effects from the recent global economic recession, largely because the deepwater oil