

TIDEWATER INC  
Form DEF 14A  
June 15, 2012  
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**SCHEDULE 14A INFORMATION**

**PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES AND EXCHANGE ACT OF 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to § 240.14a-11(c) or § 240.14a-12

**Tidewater Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No Fee Required
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- 1) Title of each class of securities to which transaction applies:
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- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):
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**TIDEWATER INC.**

**601 Poydras Street, Suite 1900**

**New Orleans, Louisiana 70130**

June 15, 2012

To Our Stockholders:

You are cordially invited to attend the 2012 Annual Meeting of Stockholders of Tidewater Inc. to be held at the Pan-American Life Center Auditorium, 11th Floor, 601 Poydras Street, New Orleans, Louisiana, on July 19, 2012 at 10:00 a.m., Central Time.

The attached Notice of Annual Meeting and Proxy Statement describe the formal business to be conducted at the meeting. During the meeting, we will also report on the operations of the company. Our directors and officers will be present to respond to your questions.

You are requested to vote by proxy as promptly as possible. You may vote by signing, dating, and returning the enclosed proxy card in the envelope provided. You may also vote by telephone or online by following the instructions on the proxy card. If you attend the meeting, which we hope that you will, you may vote in person even if you previously voted by proxy.

Sincerely,

DEAN E. TAYLOR

Chairman of the Board

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**TIDEWATER INC.**

**601 Poydras Street, Suite 1900**

**New Orleans, Louisiana 70130**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

The 2012 Annual Meeting of the Stockholders of Tidewater Inc. will be held in the Pan-American Life Center Auditorium, 11th Floor, 601 Poydras Street, New Orleans, Louisiana, on July 19, 2012, at 10:00 a.m., Central Time, for the following purposes:

to elect 13 directors, each for a one-year term;

to approve, on an advisory basis, our executive compensation as disclosed in this proxy statement (the "say-on-pay" vote);

to ratify the selection of Deloitte & Touche LLP as the company's independent registered public accounting firm for the fiscal year ending March 31, 2013; and

to transact such other business as may properly come before the meeting or any adjournment thereof.

Only stockholders of record at the close of business on June 1, 2012 are entitled to notice of and to vote at the 2012 annual meeting.

Your vote is important. If you are unable to attend in person and wish to have your shares voted, please complete, date, and sign the enclosed proxy card, and return it in the accompanying envelope as promptly as possible. Alternatively, you may vote by telephone or online as explained on the enclosed proxy card. You may revoke your proxy by giving a revocation notice to our Secretary at any time before the 2012 annual meeting, by delivering timely a proxy bearing a later date, or by voting in person at the meeting.

By Order of the Board of Directors

BRUCE D. LUNDSTROM

Executive Vice President,

General Counsel and Secretary

New Orleans, Louisiana

June 15, 2012

**IMPORTANT NOTICE REGARDING THE INTERNET AVAILABILITY OF OUR**

**PROXY MATERIALS**

**FOR THE ANNUAL STOCKHOLDER MEETING ON JULY 19, 2012.**

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**This proxy statement and our 2012 annual report**

**are available at [www.edocumentview.com/TDW](http://www.edocumentview.com/TDW)**

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**INFORMATION ABOUT ATTENDING THE ANNUAL MEETING**

If you plan to attend the meeting in person, please bring the following:

1. proper identification (preferably a current driver's license); and
2. acceptable proof of ownership if your shares are held in Street Name.  
Street Name means your shares are held of record by brokers, banks, or other institutions.

**Acceptable proof of ownership is a letter from your broker, bank, or other nominee confirming that you were the beneficial owner of our stock on the record date or an account statement showing that you were the beneficial owner of our stock on the record date.**

We reserve the right to deny admission to the meeting to any person other than a stockholder of record on the record date (or a duly-designated proxy) or a beneficial owner of shares held in street name on the record date who has followed the procedures outlined above.

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**TIDEWATER INC.**

**601 Poydras Street, Suite 1900**

**New Orleans, Louisiana 70130**

**PROXY STATEMENT**

**QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING**

**Q: Why am I receiving these proxy materials?**

A: Our board of directors (our board) is soliciting your proxy to vote at our 2012 annual meeting because you owned shares of our common stock at the close of business on June 1, 2012, the record date for the meeting, and are entitled to vote those shares at the meeting. This proxy statement, along with a proxy card or a voting instruction card, is being mailed to our stockholders and will be available online at [www.edocumentview.com/TDW](http://www.edocumentview.com/TDW) beginning June 15, 2012. This proxy statement summarizes information you need to vote on the matters that will be considered at the annual meeting. You do not need to attend the annual meeting to vote your shares.

**Q: On what matters will I vote?**

A: At the annual meeting, our stockholders will be asked to:

elect 13 directors for a one-year term;

approve, on an advisory basis, our executive compensation as disclosed in this proxy statement (the say-on-pay vote);

ratify the selection of Deloitte & Touche LLP (Deloitte & Touche) as our independent registered public accounting firm for fiscal year 2013; and

consider any other matter that properly comes before the meeting.

**Q: Where and when will the meeting be held?**

A: The meeting will be held at the Pan-American Life Center Auditorium, 11th Floor, 601 Poydras Street, New Orleans, Louisiana, on July 19, 2012, at 10:00 a.m., Central Time.

**Q: Who is soliciting my proxy?**



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A: Our board is soliciting the proxy that you are entitled to vote at our 2012 annual meeting of stockholders. By completing and returning the proxy card or voting instruction card, you are authorizing the proxy holder to vote your shares at our annual meeting in accordance with your instructions.

**Q: How many votes may I cast?**

A: You may cast one vote for every share of our common stock that you owned on the record date. With respect to the election of directors, you may cast one vote for every share of our common stock that you owned on the record date for each director nominee.

**Q: How many votes can be cast by all stockholders?**

A: On the record date, we had 49,917,049 shares of common stock outstanding, all of which were entitled to one vote per share.

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### **Q: How many shares must be present to hold the meeting?**

A: Our bylaws provide that the presence at the meeting, whether in person or by proxy, of a majority of the outstanding shares of stock entitled to vote constitutes a quorum, which is required to hold the meeting. On the record date, 24,958,525 shares constituted a majority of our outstanding stock entitled to vote at the meeting.

### **Q: What is the difference between holding shares as a stockholder of record and as a beneficial owner?**

A: If your shares are registered in your name with our transfer agent, Computershare, you are the stockholder of record with respect to those shares and we have sent these proxy materials directly to you.

If your shares are held on your behalf in a stock brokerage account or by a bank or other nominee, you are the beneficial owner of shares held in street name and the proxy materials have been forwarded to you by your broker, bank, or nominee who is considered, with respect to those shares, the stockholder of record. As the beneficial owner, you have the right to instruct your broker, bank, or nominee how to vote your shares by using the voting instruction card included in the mailing or by following their instructions for voting by telephone or the internet.

### **Q: How do I vote?**

A: You may vote using any of the following methods:

*Proxy card or voting instruction card:* If your shares are registered in your name, you may vote by completing, signing, and dating the proxy card and then returning it in the enclosed prepaid envelope. If your shares are held in street name by a broker, bank, or other nominee, you should have been provided with a voting instruction card that will provide you with the voting procedures you should follow to cast your vote.

*By telephone or the Internet:* If your shares are registered in your name, you may vote by telephone by calling 1-800-652-8683 or online at [www.envisionreports.com/TDW](http://www.envisionreports.com/TDW) by following the instructions at that site. The availability of telephone and online voting for beneficial owners whose shares are held in street name will depend on the voting procedures adopted by your broker, bank, or nominee. Therefore, we recommend that you follow the voting instructions in the materials you receive.

*In person at the annual meeting:* You may also vote in person at the annual meeting, either by attending the meeting yourself or authorizing a representative to attend the meeting on your behalf. You may also execute a proper proxy designating that person to act as your representative at the meeting. If you are a beneficial owner of shares, you must obtain a proxy from your broker, bank, or nominee naming you as the proxy holder and present it to the inspectors of election with your ballot when you vote at the annual meeting.

### **Q: Once I deliver my proxy, can I revoke or change my vote?**

A: Yes. You may revoke or change your proxy at any time before it is voted at the meeting by giving a written revocation notice to our Secretary or by delivering a replacement proxy by the voting deadline. In addition, if you vote in person at the meeting, you will revoke all prior proxies.

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**Q: Can my shares be voted if I do not return the proxy card and do not attend the meeting in person?**

A: If you hold shares in street name and you do not provide voting instructions to your broker, bank, or nominee, your shares will not be voted on any proposal as to which your broker does not have discretionary authority to vote (a broker non-vote ). Brokers, banks, and other nominees generally have discretionary authority to vote without instructions from beneficial owners on the ratification of the appointment of an independent registered public accounting firm, but do not have discretionary authority to vote without instructions from beneficial owners on the other matters proposed in this proxy statement.

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Shares represented by proxies that include broker non-votes on a given proposal will be considered present at the meeting for purposes of determining a quorum, but those shares will not be considered to be represented at the meeting for purposes of calculating the vote with respect to that proposal.

If you do not vote shares registered in your name, your shares will not be voted. However, the company may vote your shares if you have returned a blank or incomplete proxy card (see [What happens if I return a proxy card without voting instructions?](#) below regarding record holders).

**Q: What happens if I return a proxy card without voting instructions?**

A: If you properly execute and return a proxy or voting instruction card, your stock will be voted as you specify. If you are a stockholder of record and return a blank or incomplete proxy card without voting instructions, your shares will be voted (i) FOR each of the director nominees, (ii) FOR the advisory say-on-pay vote, and (iii) FOR the ratification of the selection of Deloitte & Touche as our independent registered public accounting firm for fiscal year 2013.

If you are a beneficial owner of shares and do not give voting instructions to your broker, bank, or nominee, your broker, bank, or nominee will be entitled to vote your shares only with respect to those items over which it has discretionary authority to vote, as discussed above.

**Q: How does Tidewater recommend I vote on each proposal? What vote is required to approve each proposal? What effect will abstentions, withheld votes, and broker non-votes have on each proposal?**

A: The following chart explains what your voting options are with regard to each matter proposed in this proxy statement, how we recommend that you vote, what vote is required for that proposal to be approved, and how abstentions or withheld votes and broker non-votes affect the outcome of that vote.

| Proposal                   | Your Voting Options  | Effect of  |  |  |                            |
|----------------------------|--|--|--|--|----------------------------|
|                            |  | Voting Recommendation of the Board   | Vote Required for Approval   | Abstentions or Withheld Votes              | Effect of Broker Non-Votes |
| Election of directors      | You may vote FOR each nominee or choose to WITHHOLD your vote for one or more of the nominees. | The Board recommends you vote FOR each of the 13 nominees.   | <u>plurality of votes cast</u> (but see the note below on our <i>Majority Voting Policy in Director Elections</i> )              | no effect                                  | no effect                  |
| Say-on-pay vote (advisory) | You may vote FOR this proposal or ABSTAIN from voting.   | The Board recommends you vote FOR approval of our executive compensation as disclosed in this proxy statement. | <u>affirmative vote of a majority</u> of the shares present in person or represented by proxy and entitled to vote on the matter | will count as a vote AGAINST this proposal | no effect                  |

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|  |  |     |  |  |  |   |
|--|--|-----|--|--|--|---|
| Ratification of our selection of Deloitte & Touche as our auditors | You may vote FOR this proposal or ABSTAIN from voting. | FOR | The Board recommends you vote FOR ratification of our selection of auditors. | <u>affirmative vote of a majority</u> of the shares present in person or represented by proxy and entitled to vote on the matter | will count as a vote AGAINST this proposal | not applicable (routine matter on which brokers have discretionary authority to vote uninstructed shares) |
|--|--|-----|--|--|--|---|

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**Majority Voting Policy in Director Elections.** Although our directors are elected by plurality vote, our board has adopted a majority voting policy requiring any nominee for director who receives a greater number of WITHHELD votes than FOR votes in an uncontested election to tender his or her resignation for consideration by our board's nominating and corporate governance committee. We have provided more information about our majority voting policy in this proxy statement under the heading Election of Directors Majority Voting Policy.

**Any Other Matters.** Any other matter that properly comes before the annual meeting will be decided by the vote of the holders of a majority of the shares of common stock present in person or represented by proxy, except where a different vote is required by statute, our certificate of incorporation, or our bylaws.

**Q: Who pays for soliciting proxies?**

A: We pay all costs of soliciting proxies. In addition to solicitations by mail, we have retained Morrow & Co. to aid in the solicitation of proxies for the 2012 annual meeting at an estimated fee of \$8,000. Our directors, officers, and employees may request the return of proxies by mail, telephone, Internet, personal interview, or other means. We are also requesting that banks, brokerage houses, and other nominees or fiduciaries forward the soliciting material to their principals and that they obtain authorization for the execution of proxies. We will reimburse them for their reasonable expenses.

**Q: Could other matters be considered and voted upon at the meeting?**

A: Our board does not expect to bring any other matter before the annual meeting and it is not aware of any other matter that may be considered at the meeting. In addition, under our bylaws, the time has expired for any stockholder to properly bring a matter before the meeting. However, if any other matter does properly come before the meeting, the proxy holder will vote the proxies in his discretion.

**Q: What happens if the meeting is postponed or adjourned?**

A: Your proxy will still be valid and may be voted at the postponed or adjourned meeting. You will still have the right to change or revoke your proxy until it is voted.

**Q: How can I find out the voting results?**

A: We will announce preliminary voting results at the annual meeting. We will also disclose the voting results on a Form 8-K filed with the SEC within four business days after the annual meeting, which will also be available on our website.

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The table below shows the name, address and stock ownership of each person known by us to own beneficially more than 5% of our common stock as of June 1, 2012.

| Name and Address of Beneficial Owner  | Amount<br>and Nature<br>of Beneficial<br>Ownership | Percent<br>of<br>Class(1) |
|---|--|---------------------------|
| <b>Wellington Management Company, LLP</b><br>280 Congress Street<br>Boston, Massachusetts 02210 | 3,767,041(2)                                       | 7.6%                      |
| <b>BlackRock, Inc.</b><br>40 East 52 <sup>nd</sup> Street<br>New York, New York 10022           | 2,706,955(3)                                       | 5.4%                      |
| <b>LSV Asset Management</b><br>1 North Wacker Drive<br>Suite 4000<br>Chicago, Illinois 60606    | 2,622,351(4)                                       | 5.3%                      |
| <b>Franklin Resources, Inc.</b><br>One Franklin Parkway<br>San Mateo, California 94403-1906     | 2,612,216(5)                                       | 5.2%                      |

- (1) Based on 49,917,049 shares of common stock outstanding on June 1, 2012.
- (2) Based on a Schedule 13G filed on February 14, 2012 with the Securities and Exchange Commission ( SEC ) by Wellington Management Company, LLP, which has shared voting power over 2,719,841 of these shares and shared dispositive power over all shares reported.
- (3) Based on a Schedule 13G/A filed on February 8, 2012 with the SEC by BlackRock, Inc., which has sole voting and investment power over all shares reported.
- (4) Based on a Schedule 13G filed on February 11, 2010 with the SEC by LSV Asset Management, which has sole voting and investment power over all shares reported.
- (5) Based on a Schedule 13G filed on February 8, 2012 with the SEC by Franklin Resources, Inc. ( Franklin ) and its principal stockholders, Charles B. Johnson and Rupert H. Johnson, Jr., certain of Franklin s investment management subsidiaries have sole voting and investment power over all shares reported.

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The following table sets forth the beneficial ownership of our common stock as of June 1, 2012, by each director, by each executive officer named in the Summary Compensation Table ( named executive or NEO ), and by all directors and executive officers as a group:

| Name  | Amount and Nature of Beneficial Ownership | Percent of Class of Common Stock(1) | Tidewater Inc. Deferred Stock Units(2) |
|---|---|-------------------------------------|--|
| <b>Directors</b>  |   |                                     |  |
| Dean E. Taylor(3)   | 613,716(4)(5)                             | 1.2%                                |  |
| M. Jay Allison  |   | *                                   | 11,595                                 |
| James C. Day  | 1,500(6)                                  | *                                   | 9,767                                  |
| Richard T. du Moulin  | 19,100(7)(8)                              | *                                   | 12,486                                 |
| Morris E. Foster  |   | *                                   | 3,036                                  |
| J. Wayne Leonard  | 15,000(7)                                 | *                                   | 12,486                                 |
| Jon C. Madonna  | 7,100(7)                                  | *                                   | 12,486                                 |
| Joseph H. Netherland  | 10,000                                    | *                                   | 6,856                                  |
| Richard A. Pattarozzi   | 22,500(7)                                 | *                                   | 12,486                                 |
| Jeffrey M. Platt  | 184,981(4)(10)                            | *                                   |  |
| Nicholas J. Sutton  |   | *                                   | 11,921                                 |
| Cindy B. Taylor   |   | *                                   | 8,975                                  |
| Jack E. Thompson  | 7,500(7)                                  | *                                   | 12,486                                 |
| <b>Named Executive Officers(9)</b>                                  |   |                                     |  |
| Quinn P. Fanning  | 112,192(4)                                | *                                   |  |
| Bruce D. Lundstrom  | 119,938(4)                                | *                                   |  |
| Joseph M. Bennett   | 131,416(4)                                | *                                   |  |
| <b>All directors and executive officers as a group (17 persons)</b> | <b>1,251,002(11)</b>                      | <b>2.5%</b>                         | <b>114,580</b>                         |

\* Less than 1.0%.

- (1) Calculated on the basis of 49,917,049 shares of common stock outstanding at June 1, 2012, and includes for each person and group the number of shares the person or group has the right to acquire within 60 days of June 1, 2012.
- (2) As part of his or her compensation, each non-management director receives an annual grant of deferred stock units on March 31 under the Directors Deferred Stock Units Plan. Please see Director Compensation for more information.
- (3) Mr. Taylor currently serves as our board's non-executive chairman. He also served as our President and Chief Executive Officer until his retirement on May 31, 2012.
- (4) The total number of shares shown as beneficially owned by each named executive includes the following:

| Named Executive | Shares Acquirable within 60 days upon Exercise of Stock Options | Shares Attributable to the NEO's Account under our 401(k) Savings Plan | Shares of  |
|-----------------|---|--|--|
|                 |   |  | Restricted Stock as to which the NEO Has Sole Voting Power but No Investment Power |
| Mr. Taylor      | 416,778   | 4,625  | 93,640   |
| Mr. Platt       | 112,025   | 1,151  | 40,189   |
| Mr. Fanning     | 69,075  | 691  | 32,462   |



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|               |        |       |        |
|---------------|--------|-------|--------|
| Mr. Lundstrom | 67,432 | 802   | 33,755 |
| Mr. Bennett   | 83,058 | 3,472 | 27,061 |

- (5) Includes 3,957 shares owned by Mr. Taylor's children, as to which he disclaims beneficial ownership.

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- (6) These shares are held in a family trust for the benefit of Mr. Day, his wife, and his children. As one of three trustees of the trust, Mr. Day has shared voting and investment power over these shares.
- (7) Includes shares that may be acquired within 60 days upon exercise of non-management director stock options, as follows: Mr. du Moulin, 10,000; Mr. Leonard, 15,000; Mr. Madonna, 5,000; Mr. Pattarozzi, 22,500; and Mr. Thompson, 5,000.
- (8) Includes 1,100 shares owned by Mr. du Moulin's children, as to which he disclaims beneficial ownership.
- (9) Information regarding shares beneficially owned by Dean E. Taylor and Jeffrey M. Platt, who were named executives for fiscal 2012 in addition to Messrs. Fanning, Lundstrom, and Bennett, appears immediately above under the caption Directors.
- (10) Includes 708 shares acquired in a previous employer's 401(k) Plan.
- (11) Includes 805,868 shares of our common stock that such persons have the right to acquire within 60 days through the exercise of options; 5,057 shares for which directors and executive officers reported indirect ownership and disclaim beneficial ownership; 1,500 shares held in a family trust, over which such person shares voting and investment power; and 10,800 shares attributable to such persons' accounts in our 401(k) Savings Plan.

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**ELECTION OF DIRECTORS**

**(PROPOSAL 1)**

Our directors are elected annually. Upon the recommendation of our nominating and corporate governance committee, our board has re-nominated each of our 13 current board members to serve another term as director. Each director elected at the 2012 annual meeting will serve a one-year term beginning at the annual meeting and ending when his or her successor, if any, is elected or appointed. Assuming stockholders elect all of these director nominees at the annual meeting, our board will continue to have 13 directors.

We intend to vote the proxies received in response to this solicitation **FOR** the election of each of the nominees. If any nominee is no longer a candidate at the time of the annual meeting, we intend to vote the proxies **FOR** the election of the other nominees and proxies may be voted for any substitute nominee of our board. Our board has no information or reason to believe that any nominee will not be a candidate at the time of the annual meeting or, if elected, will be unable or unwilling to serve as a director. In no event will the proxies be voted for more than 13 nominees.

**Majority Voting Policy.** Our board has adopted a majority voting policy as a part of its Corporate Governance Policy. Under this policy, any director who stands for re-election in an uncontested election and who receives a greater number of **WITHHELD** votes than **FOR** votes must tender his or her resignation following certification of the stockholder vote. Our board's nominating and corporate governance committee is required to promptly consider the tendered resignation and recommend to our board whether to accept the tendered resignation. Our board is required to act on the committee's recommendation within 90 days following certification of the stockholder vote. We would then promptly and publicly disclose the board's decision-making process and final decision in a current report on Form 8-K filed with the SEC. A copy of our Corporate Governance Policy, which includes our majority voting policy, may be obtained as described under **Corporate Governance Availability of Corporate Governance Materials**.

**Our board of directors recommends that you vote **FOR** each of the following 13 nominees: M. Jay Allison, James C. Day, Richard T. du Moulin, Morris E. Foster, J. Wayne Leonard, Jon C. Madonna, Joseph H. Netherland, Richard A. Pattarozzi, Jeffrey M. Platt, Nicholas J. Sutton, Cindy B. Taylor, Dean E. Taylor, and Jack E. Thompson.**

A biography of each director nominee is set forth below. Each director nominee's biography contains information regarding that person's service as a director, business experience, other directorships held currently or at any time during the last five years, and the nominee's experiences, qualifications, attributes, or skills that led the committee and our board to determine that he or she should serve as a director for our company.

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| <b>Name and Age</b> | <b>Business Experience, Qualifications, and Skills</b>  | <b>Tidewater<br/>Director<br/>since</b> |
|---------------------|---|---|
| M. Jay Allison, 56  | <p>M. Jay Allison is the President, Chief Executive Officer, and Chairman of the board of directors of Comstock Resources, Inc., a publicly-traded independent energy company specializing in oil and gas acquisitions, exploration, and development. He first joined Comstock Resources in 1987 as its Vice President, Secretary, and Director, was appointed President and Chief Executive Officer in 1988, and was elected the company's Chairman in 1997.</p> <p>Mr. Allison holds B.B.A., M.S., and J.D. degrees from Baylor University. From 1981 to 1987, he was a practicing oil and gas attorney with the firm of Lynch, Chappell &amp; Alsup in Midland, Texas. Mr. Allison was Chairman of the board of directors of Bois d'Arc Energy, Inc., an independent exploration company engaged in the discovery and production of oil and natural gas in the Gulf of Mexico, from its formation in 2004 until its merger with Stone Energy Corporation in August 2008.</p> <p>Mr. Allison is a member of the Board of Regents for Baylor University and is the Chairman of the board of Legacy Christian Academy in Frisco, Texas. Mr. Allison was awarded the Ernst &amp; Young Entrepreneur Of The Year® 2009 Award in the Energy, Chemicals and Mining category.</p> <p>Mr. Allison brings over 25 years of executive management and public company board experience to our board. In addition, his legal background, his considerable industry experience, and his experience with mergers and acquisitions make Mr. Allison a valuable member of our board.</p> | 2006                                    |
| James C. Day, 69    | <p>James C. Day is the retired Chairman of the Board and former Chief Executive Officer and President of Noble Corporation, one of the world's largest offshore drilling companies. He served as Chairman of the board of directors of Noble from 1992 to 2007, as its Chief Executive Officer from 1984 to 2006, and as President from 1984 to 1999 and again from 2003 to 2006.</p> <p>Mr. Day began his career at Noble after his graduation from Phillips University with a Bachelor of Science degree in Business Administration. In 2007, he was awarded an Honorary Degree of Doctor of Humane Letters from the University of Oklahoma. From 1993 to 2006, Mr. Day served as a director for Global Industries, Ltd., a publicly-traded provider of offshore marine construction services. He is a former chairman of the International Association of Drilling Contractors and the National Ocean Industries Association (NOIA).</p>   | 2007                                    |

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| Name and Age             | Business Experience, Qualifications, and Skills  | Tidewater<br>Director<br>since |
|--------------------------|--|--------------------------------|
|                          | <p>Mr. Day currently serves as a director of ONEOK, Inc., the general partner of one of largest publicly-traded master limited partnerships and among the largest natural gas distributors in the world, and EOG Resources, Inc., an independent oil and gas company with reserves in the United States as well as in Canada, Trinidad, the United Kingdom, and China. He is an honorary director of the American Petroleum Institute, which awarded him the Gold Medal for Distinguished Achievement, the Institute's highest award. In addition, Mr. Day is a trustee of The Samuel Roberts Noble Foundation, Inc., and is founder, director, and President of The James C. and Teresa K. Day Foundation. He serves on the boards of numerous other civic, business, and not-for-profit organizations.</p>   |                                |
| Richard T. du Moulin, 65 | <p>Mr. Day brings to the board a broad base of knowledge in various segments of the energy sector from exploration to drilling to delivery and distribution. His extensive management and operational expertise in the oil and gas industry and his public company board service contribute greatly to the board's skillset. The board also benefits from the perspective Mr. Day gained during his tenure at the helm of a large, publicly-traded company with an international footprint.</p>  |                                |
|                          | <p>Richard T. du Moulin currently serves as the President of Intrepid Shipping LLC, a position he has held since the company was founded in 2002.</p>  | 2003                           |
|                          | <p>After graduating from Dartmouth College, Mr. du Moulin served in the U.S. Navy from 1969 to 1972. In 1974, he received an MBA from Harvard Business School and began his career at OMI Corporation. During his 15 years with OMI, he served as Executive Vice President, Chief Operating Officer, and as a member of the company's board of directors. He left OMI in 1989 to start his own company, Intrepid Shipping. That same year, he led a group of partners in a buy-out of Marine Transport Lines (MTL), the oldest transportation company in America, after which Intrepid took on the name of MTL. The company later went public and became Marine Transport Corporation (MTC), and Mr. du Moulin served as its Chairman and Chief Executive Officer from 1998 to 2002. After the acquisition of several competitors, Mr. du Moulin and partners sold MTC to Crowley Maritime in 2000, paving the way for him to re-establish Intrepid Shipping in 2002. Mr. du Moulin served as Chairman of Intertanko, the leading trade organization for the tanker industry, from 1996 to 1999. Mr. du Moulin is a recipient of the U.S. Coast Guard's Distinguished Service Medal and the shipping industry's highest honors, the Commodore Award and the AOTAS (Admiral of the Ocean Seas).</p> |                                |

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| Name and Age         | Business Experience, Qualifications, and Skills   | Tidewater<br>Director<br>since |
|----------------------|---|--------------------------------|
|                      | <p>Mr. du Moulin is currently a director of Teekay Tankers Ltd., a publicly-traded affiliate of Teekay Corporation, the world's largest owner/operator of medium-sized crude oil tankers, and Globe Wireless, Inc., a leading provider of maritime communications and information technology solutions. Mr. du Moulin has served on the board of the American Bureau of Shipping and is a trustee of the National Maritime Historical Society. In addition, Mr. du Moulin is a member of the Board of Trustees and Chairman of the Seamens Church Institute of New York and New Jersey.</p>   |                                |
| Morris E. Foster, 69 | <p>Mr. du Moulin has considerable executive management, business development, and merger and acquisition experience. His expertise in many aspects of the maritime industry adds significant value to the board's knowledge base.</p>   | 2010                           |
|                      | <p>Morris E. Foster retired in 2008 as Vice President of ExxonMobil Corporation and President of ExxonMobil Production Company following more than 40 years of service with the ExxonMobil group.</p>   |                                |
|                      | <p>Mr. Foster joined Exxon in 1965 after his graduation from Texas A&amp;M University with a Bachelor of Science in mechanical engineering. He served in a number of production engineering and management roles domestically as well as in the United Kingdom and Malaysia prior to his appointment in 1995 as a Senior Vice President in charge of the upstream business of Exxon Company, USA. In 1998, Mr. Foster was appointed President of Exxon Upstream Development Company, and following the merger of Exxon and Mobil in 1999, he was named to the position of President of ExxonMobil Development Company. In 2004, Mr. Foster was named President of Exxon Mobil Production Company, the division responsible for ExxonMobil's upstream oil and gas exploration and production business, and a Vice President of ExxonMobil Corporation.</p> |                                |
|                      | <p>Mr. Foster currently serves as Chairman of Stagecoach Properties Inc., a real estate holding corporation with properties in Salado, Houston and College Station, Texas and Argentina and as a member of the Board of Regents of Texas A&amp;M University. In addition, Mr. Foster currently serves on the boards of Scott &amp; White Medical Institute, First State Bank of Temple Texas and The University of Texas Investment Management Company (UTIMCO). He was inducted into Texas A&amp;M University's Academy of Distinguished Graduates in 1993.</p>  |                                |
|                      | <p>Mr. Foster has extensive executive management experience in both the development and production segments of the oil and gas industry which we serve. He brings a sophisticated working knowledge of the intricacies of international operations to our board. In addition, Mr. Foster's considerable practical experience in operational matters following a merger provides a valuable perspective to our board's evaluation of corporate opportunities.</p>  |                                |

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| <b>Name and Age</b>  | <b>Business Experience, Qualifications, and Skills</b>   | <b>Tidewater<br/>Director<br/>since</b> |
|----------------------|--|---|
| J. Wayne Leonard, 61 | <p>J. Wayne Leonard is the Chief Executive Officer and Chairman of the board of directors of Entergy Corporation, a Fortune 500 integrated energy company engaged primarily in electric power production and retail distribution operations. Mr. Leonard has over 38 years of experience in the energy and power sector. He was appointed Chief Executive Officer of Entergy in 1999 and elected Chairman in 2006.</p> <p>Mr. Leonard earned a degree in Accounting and Political Science from Ball State University and an MBA from Indiana University. He is a certified public accountant.</p> <p>Mr. Leonard has been recognized as one of the top CEOs in the power industry. He received the Platts Global Energy Award of Global Energy CEO of the Year in 2003, having been a finalist for that award for an unprecedented nine consecutive years (2001-2009). Mr. Leonard was named Institutional Investor's Best CEO (energy/electric utilities) in 2010 and in 2004, and was one of the top four nominees for that award in every year during that period.</p> <p>Mr. Leonard is currently a director of the Edison Electric Institute, the association of shareholder-owned electric companies. He also serves as a trustee of United Way of Greater New Orleans and of the National D-Day Museum Foundation, as well as serving on the boards of various other civic and charitable organizations.</p> <p>Mr. Leonard has considerable leadership experience in the energy sector, and has widely been recognized as a leader in corporate governance. As a certified public accountant, Mr. Leonard has a sophisticated understanding of financial and accounting matters.</p> | 2003                                    |
| Jon C. Madonna, 69   | <p>Jon C. Madonna retired as Chairman and Chief Executive Officer of KPMG Peat Marwick, an international consulting and accounting firm, in 1996, having spent 28 years in various management positions with that company. More recently, he served as President of DigitalThink, Inc., an electronic learning enterprise solutions company, from 2001 to 2002 and as Chairman from 2002 until the company was acquired by Convergys in 2004.</p> <p>Between his tenures at KPMG Peat Marwick and DigitalThink, Mr. Madonna held executive positions at Carlson Wagonlit Travel and the Travelers Group. He has previously served on the board of Albertson's, Inc., Visa U.S.A. Inc., Jazz Technologies, Inc., and Phelps Dodge Corporation. Mr. Madonna holds a Bachelor of Science in Accounting from the University of San Francisco.</p>  | 1999                                    |

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Mr. Madonna currently serves as a member of the boards of directors of AT&T Corporation and Freeport-McMoRan Copper & Gold Inc., a publicly-traded copper mining company.

Mr. Madonna brings a strong finance and accounting background to our board. His prior executive management and public board service deepens the board's knowledge base. Mr. Madonna's background includes considerable experience in business development and mergers and acquisitions. As a director for other international public companies, Mr. Madonna also provides cross-border experience.



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| <b>Name and Age</b>       | <b>Business Experience, Qualifications, and Skills</b>  | <b>Tidewater<br/>Director<br/>since</b> |
|---------------------------|---|---|
| Joseph H. Netherland, 65  | <p>Joseph H. Netherland retired in 2008 as Chairman of the Board of FMC Technologies, Inc., an oil and gas equipment services company, although he continues to serve as a member of its board. Mr. Netherland began his career with the Petroleum Equipment Group of FMC Corporation in 1985, and was appointed to the board of FMC Corporation in 1998. He served as an executive and director of FMC Corporation until 2001, when Mr. Netherland was appointed President and Chief Executive Officer of FMC Technologies in connection with its spin-off as a separate, publicly-traded entity.</p> <p>He holds a degree in industrial engineering from the Georgia Institute of Technology and an M.B.A. from The Wharton School of the University of Pennsylvania.</p> <p>Mr. Netherland is also a member of the boards of Newfield Exploration Company, a publicly-traded (NYSE), independent exploration and production company and Spectra Energy, a publicly-traded (NYSE) energy infrastructure company. Mr. Netherland serves on the board of the Petroleum Equipment Suppliers Association and has previously served on the Advisory Board of the Department of Engineering at Texas A&amp;M University.</p> <p>Mr. Netherland brings to our board extensive oilfield service sector industry experience. Mr. Netherland has considerable experience dealing with the complexities of international operations. In addition, his experience dealing with mergers and acquisitions enhances our board's ability to evaluate corporate opportunities.</p> | 2008                                    |
| Richard A. Pattarozzi, 68 | <p>Richard A. Pattarozzi retired as Vice President of Shell Oil Company in 2000, having joined the Shell family of companies in 1966. He served as President and Chief Executive Officer for both Shell Deepwater Development, Inc. and Shell Deepwater Production, Inc. from 1995 until 1999.</p> <p>Mr. Pattarozzi previously served on the boards of Superior Energy Services, Inc., a leading provider of specialized oilfield services and equipment, and Transocean Inc., the former parent holding company and now a wholly-owned subsidiary of Transocean Ltd., the world's largest offshore drilling contractor, and Global Industries, Ltd., an offshore engineering and construction company that merged with Technip S.A. in 2011. He is the past Chairman of the Board of Trustees of the Offshore Energy Center. Mr. Pattarozzi received a B.S. in Engineering from the University of Illinois.</p> <p>Mr. Pattarozzi is a member of the board of FMC Technologies, Inc. and serves as the non-executive Chairman of the Board of Stone Energy Corporation, a publicly-traded independent oil and natural gas exploration and production company. Mr. Pattarozzi also currently serves on the board of trustees of the National World War II Museum, Inc. in New Orleans and previously served as Chairman of the Board of Trustees of the United</p>   | 2001                                    |



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| <b>Name and Age</b>    | <b>Business Experience, Qualifications, and Skills</b>   | <b>Tidewater<br/>Director<br/>since</b> |
|------------------------|--|---|
| Jeffrey M. Platt, 54   | <p>Mr. Pattarozzi has considerable board and senior management experience. His years of working with publicly-traded, multinational companies deepens our board's ability to understand and respond to the opportunities and challenges our company faces. In addition, Mr. Pattarozzi's extensive experience in the oil and gas industry has enabled him to gain a thorough grasp of health, safety, and regulatory matters that affect our company.</p> <p>Jeffrey M. Platt has served as the company's President and Chief Executive Officer since June 1, 2012. Mr. Platt joined the company in 1996 as General Manager of its Brazilian operations. In 2001, he assumed responsibility for all of the company's joint ventures and business in Mexico. In November 2001, Mr. Platt was promoted to the position of corporate Vice President with responsibility for all of the company's business activities in South America, Mexico and the Caribbean. In March 2004, he was promoted to Senior Vice President. In this role, he was responsible for the Americas and operations activities in the Middle East and India. Until his appointment as President and Chief Executive Officer in 2012, Mr. Platt served as the company's Executive Vice President since July 2006 and Chief Operating Officer since March 2010. Prior to joining the company, Mr. Platt had a 15-year career with Schlumberger Well Services and Rollins Environmental Services.</p> <p>Mr. Platt graduated from the University of Pittsburgh with a degree in Electrical Engineering. Mr. Platt serves on the boards of Junior Achievement, the Seamen's Church Institute, The U.S. Coast Guard Foundation and the National Ocean Industries Association (NOIA).</p> <p>Mr. Platt's long tenure with our company has enabled him to develop and maintain strong relationships with our clients, and we believe that his presence on our board will be key to a successful senior management transition.</p> | 2012                                    |
| Nicholas J. Sutton, 67 | <p>Nicholas J. Sutton has served as the Chairman and Chief Executive Officer of Resolute Energy Corporation, a publicly-traded company engaged in the acquisition, development and production of domestic oil and gas, since the company's founding in 2004.</p> <p>Mr. Sutton was co-founder, Chairman, and Chief Executive Officer of HS Resources, Inc. from 1978 until late 2001, when Kerr-McGee Corporation acquired the company. Mr. Sutton served on the board of Kerr-McGee from 2001 until he founded Resolute in 2004. Mr. Sutton has also served on the boards of the Colorado Oil &amp; Gas Association, the San Francisco Bay Area YMCA, and the Saint Francis Memorial Hospital Foundation.</p>   | 2006                                    |

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| Name and Age        | Business Experience, Qualifications, and Skills  | Tidewater<br>Director<br>since |
|---------------------|--|--------------------------------|
|                     | <p>Mr. Sutton earned his law degree from the University of California-Hastings College of Law and his undergraduate degree in engineering from Iowa State University. He is a Graduate of Harvard Business School's Executive Education OPM Program. Before founding HS Resources, Mr. Sutton served as a law clerk to the Chief Justice of the California Supreme Court and practiced law with the San Francisco firm of Pillsbury, Madison &amp; Sutro. Mr. Sutton is a member of the Society of Petroleum Engineers and of the American Association of Petroleum Geologists.</p>  |                                |
| Cindy B. Taylor, 50 | <p>Mr. Sutton brings to the board an understanding of our company's regulatory and legal challenges. His experience founding new businesses provides an entrepreneurial viewpoint and his successful completion of mergers and acquisitions contributes to the board's ability to evaluate these opportunities.</p>  | 2008                           |
|                     | <p>Cindy B. Taylor has served as President, Chief Executive Officer, and a director of Oil States International, Inc., a publicly-traded, diversified solutions provider for the oil and gas industry, since 2007. Ms. Taylor first joined Oil States in 2000 as Senior Vice President - Chief Financial Officer and Treasurer, serving as the company's President and Chief Operating Officer from 2006 until 2007.</p>   |                                |
|                     | <p>Ms. Taylor began her career in 1984 with Ernst &amp; Young, LLP, a public accounting firm, and held various management positions with that firm until 1992. Ms. Taylor was Vice President - Controller of Cliffs Drilling Company from 1992 to 1999 and Chief Financial Officer of LE Simmons &amp; Associates, Inc. from 1999 to 2000. She holds a B.B.A. degree in Accounting from Texas A&amp;M University and is a Certified Public Accountant in the state of Texas.</p>   |                                |
|                     | <p>Ms. Taylor previously served as a director of Global Industries, Ltd., an offshore engineering and construction company, and Boots &amp; Coots International Well Control, Inc., a well control and emergency response company.</p>   |                                |
|                     | <p>Ms. Taylor brings to our board a wealth of financial and accounting experience, and is one of three audit committee financial experts as confirmed by our board. Not only does Ms. Taylor bring a broad spectrum of management experience to the board as a former chief financial officer, a former chief operating officer, and a current chief executive officer but she also has a considerable depth of knowledge in each role. Her experience leading a diversified oilfield services company in international transactions enhances our board's ability to critically evaluate and act upon international opportunities.</p> |                                |

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| <b>Name and Age</b> | <b>Business Experience, Qualifications, and Skills</b>  | <b>Tidewater<br/>Director<br/>since</b> |
|---------------------|---|---|
| Dean E. Taylor, 63  | <p>Dean E. Taylor currently serves as the non-executive Chairman of our board of directors, having retired from our company as President and Chief Executive Officer on May 31, 2012. Mr. Taylor began his career with Tidewater in 1978 as an assistant manager with the company's Gulf of Mexico operations. He was promoted to General Manager of our business activities in Italy in 1979, to General Manager of our Brazilian business activities in 1981, and to General Manager of our operations in the Middle East and India in 1985. Mr. Taylor also served as General Manager of Tidewater's Mexican operations beginning in 1986, and in 1994, his responsibilities were expanded to cover both Mexico and Venezuela. He was first promoted to corporate Vice President in 1993. Mr. Taylor was appointed President and a director in 2001, Chief Executive Officer in 2002, and was elected to the chairmanship in 2003.</p> <p>Prior to his employment with Tidewater, Mr. Taylor served seven years of active duty as a U.S. Naval Officer, with duty aboard a Navy destroyer and a U.S. Coast Guard cutter. He also served as a staff Officer for the Commander, U.S. Sixth Fleet. He received a B.A. in English from Tulane University and an MSBA from Boston University. In 2000, he completed the Harvard Advanced Management Program.</p> <p>Mr. Taylor also currently serves as a director of the American Bureau of Shipping. He previously served as a director of Whitney Holding Corporation (now Hancock Holding Company, a publicly-traded bank holding company headquartered in Gulfport, Mississippi). He is a past president of the International Support Vessels Operators Association (ISOA), and has previously served on the boards of the Spindletop Charities (Texas), the United Way of Greater New Orleans and the National Ocean Industries Association (NOIA), where he previously served as chairman.</p> <p>Mr. Taylor has proven himself to be an effective leader of our board, with considerable in-depth knowledge of all facets of our company's diverse operations. Mr. Taylor's emphasis on safe operations has led to an impressive safety record, which places our company at the top of the industry. In addition, the maintenance of a strong balance sheet under his watch has enabled our company to weather the credit crisis and to be well positioned for expansion, acquisitions, or other opportunities requiring the use of liquidity or leverage. Mr. Taylor's long tenure with our company has enabled him to develop and maintain strong relationships with our clients, and we believe that his continued presence on our board will be key to a successful senior management transition.</p> | 2001                                    |

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| <b>Name and Age</b>  | <b>Business Experience, Qualifications, and Skills</b>   | <b>Tidewater<br/>Director<br/>since</b> |
|----------------------|--|---|
| Jack E. Thompson, 62 | <p>Jack E. Thompson has been employed as an independent management consultant since 2001. An engineer with over 40 years of experience in mining and mine management, Mr. Thompson served as Chairman and Chief Executive Officer of Homestake Mining Company, a publicly-traded gold mining company, from 1994 until it became a subsidiary of Barrick Gold Corporation in 2001. Mr. Thompson then served as Vice Chairman of Barrick, one of the largest pure gold mining operations in the world, until 2005.</p> <p>Mr. Thompson holds a Bachelor of Science degree in Mining and Engineering from the University of Arizona and an Honorary Doctorate in Mining Management from the South Dakota School of Mines.</p> <p>Mr. Thompson has previously served on the boards of directors of Rinker Group Ltd., a publicly-traded, Australian-based multinational building products company acquired by CEMEX in 2007, and Stillwater Mining Company, a publicly-traded mining company primarily engaged in the development, extraction, processing, smelting, refining, and marketing of palladium, platinum, and associated metals in Montana. Mr. Thompson has also served as a director of Phelps Dodge Corporation, a publicly-traded copper mining company which was acquired by Freeport-McMoRan Copper &amp; Gold Inc. in 2007; Centerra Gold, Inc., a gold mining company that is the largest Western-based gold producer in Central Asia and the former Soviet Union; and Century Aluminum Co., a publicly-traded producer of primary aluminum. In addition, he has previously served as a member of the Advisory Board of Resource Capital Funds, LLP. Mr. Thompson has taught seminars and classes on corporate governance and management at the University of Arizona, Golden Gate University, and the University of California at Davis.</p> <p>Mr. Thompson is currently a director of Molycorp, Inc., an integrated rare earth products and technology company and Anglo American plc, a U.K. company which is one of the world's largest diversified mining groups. Mr. Thompson is a director of the Lowell Institute for Mineral Resources at the University of Arizona and a member of the University of Arizona's Industry Advisory Council for the College of Engineering and the Mining Engineering and Geological Department Advisory Council. He also serves as Chairman of the board of the John Muir Health Foundation, the fundraising side of a three hospital non-profit group in Contra Costa County, California.</p> <p>Born in Cuba and now a naturalized U.S. citizen, Mr. Thompson's Hispanic background and Spanish language skills bring a welcomed diversity of perspective to our board. While many of our director nominees have backgrounds in the oil and gas industry, Mr. Thompson brings a unique perspective as a mining engineer and independent management experience in a similar extractive industry. His considerable experience with the corporate governance issues faced by multinational companies is also a valuable asset to our board.</p> | 2005                                    |



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**OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR EACH OF THE THIRTEEN NOMINEES FOR DIRECTOR LISTED ABOVE.**

**Director Nominating Process and Considerations.** The nominating and corporate governance committee is responsible for reviewing and evaluating with our board of directors the appropriate skills, experience, and background desired of board members in the context of our business and the then-current composition of our board. Under our Corporate Governance Policy and the rules of the New York Stock Exchange ( NYSE ), a majority of our directors must be independent. Our board has determined that, with the exception of Mr. Taylor, who recently retired as our chief executive officer, and Mr. Platt, our current chief executive officer, each of our director-nominees meets the NYSE s definition of independence (discussed in greater detail below under Board of Directors Director Independence ).

In considering the composition of our board of directors as a whole, the committee and the board evaluate the skills and experiences of each candidate to ensure that those specific talents, skills, and other characteristics needed to maintain our board s effectiveness are possessed by an appropriate combination of directors. The committee seeks a diverse group of prospective candidates for board service who possess the requisite characteristics, skills, and experience to make a significant contribution. Our overarching goal is that the unique skills and experiences of each individual director complement and enhance the overall capabilities of the board.

The committee and our board have not adopted specific criteria for selecting director nominees, preferring to maintain the flexibility to evaluate the board s needs at any given point in time in light of our company s business model, strategic plan, and the skillset of the then-current members of the board. However, as evidenced by the biographies of our director nominees that appear above, we believe it is important that our board have individual directors who possess skills in such broad areas as:

strategic planning and business development;

mergers and acquisitions;

legal and regulatory compliance;

finance and accounting matters;

industry experience and knowledge particularly in the oil services and maritime sectors;

demonstrated leadership of large, complex organizations;

public board service; and

international business.

Each candidate is evaluated to ensure that he or she possesses personal and professional character and integrity, and each must demonstrate exceptional ability and judgment in his or her respective endeavors. Candidates must possess sufficient time and availability to effectively carry out their duties and responsibilities as a Tidewater director. The committee may employ professional search firms (for which it would pay a fee) to assist it in identifying potential nominees for board service with the right mix of skills and disciplines.

This year, the committee reviewed the qualifications of each of our 13 current directors. As in past years, the committee also reviewed the contributions each has made to our board and the company during his or her respective tenure as a director, specifically recognizing the critical efforts and involvement of the directors in helping the company upgrade and refine its compliance program, especially in recent years, as it continually seeks to create a more robust program. The committee unanimously recommended each director for an additional one-year term.



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Subsequently, our board unanimously approved this slate of 13 director nominees to be submitted for election by our stockholders at the annual meeting.

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**Consideration of Candidates Recommended by Stockholders.** Our bylaws provide that a stockholder of our company entitled to vote for the election of directors may nominate candidates for election to our board at our annual meeting of stockholders by complying with the required notice procedures, as described in greater detail below. The nominating and corporate governance committee's policy is to consider director candidates recommended by stockholders on the same basis and in the same manner as it considers all director candidates.

No director candidates were recommended by stockholders in time for consideration at the 2012 annual meeting. To be timely for our 2013 annual meeting, a stockholder's notice must be given in writing and delivered or mailed to the company's Secretary and received at our principal executive offices no earlier than April 10, 2013 and no later than May 5, 2013. However, if the 2013 annual meeting is set for a date more than 30 days before or after July 19, 2013, a stockholder's notice, in order to be timely, must be received by the close of business on the later of 90 days prior to the date of the annual meeting or the tenth day following the day on which the meeting date was publicly announced.

Stockholder recommendations of nominees are required to be accompanied by, among other things, specific information as to the nominees and as to the stockholder making the nomination or proposal. We may require any proposed nominee to furnish such information as may reasonably be required to determine his or her eligibility to serve as a director of our company. A description of these requirements is set forth in the company's bylaws, which may be obtained as described under [Corporate Governance](#) Availability of Corporate Governance Materials.

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### **CORPORATE GOVERNANCE**

Our board of directors and management have adopted corporate governance practices designed to aid in the fulfillment of their respective duties and responsibilities to our stockholders.

**Corporate Governance Policy.** Our board has adopted a Corporate Governance Policy, which, together with our certificate of incorporation, bylaws, and board committee charters, forms the framework for the governance of our company. The nominating and corporate governance committee is charged with reviewing the Corporate Governance Policy annually to assess the continued appropriateness of the guidelines in light of any new regulatory requirements and evolving corporate governance practices. After this review, the committee recommends any proposed changes to the full board for approval.

**Code of Business Conduct and Ethics.** Our board has also adopted a Code of Business Conduct and Ethics. The Code of Business Conduct and Ethics sets forth principles of ethical and legal conduct to be followed by our directors, officers, and employees. The Code requires any employee who reasonably believes or suspects that any director or employee has violated the Code of Business Conduct and Ethics to report such activities to his or her supervisor or to our Chief Compliance Officer, either directly or anonymously. We do not tolerate retaliation of any kind against any person who, in good faith, reports any known or suspected improper activities pursuant to the Code of Business Conduct and Ethics.

Our Code of Business Conduct and Ethics also references disclosure controls and procedures required to be followed by all officers and employees involved with the preparation of the company's SEC filings. These disclosure controls and procedures are designed to enhance the accuracy and completeness of the company's SEC filings and, among other things, to ensure continued compliance with the Foreign Corrupt Practices Act.

**Communicating with Directors.** Stockholders and other interested parties may communicate directly with our board, the non-management directors, or any individual director by writing to any one of them in care of our Corporate Secretary at 601 Poydras Street, Suite 1900, New Orleans, Louisiana 70130. Our company or the director contacted will forward the communication to the appropriate director. For more information regarding how to contact the members of our board, please visit our web site at <http://www.tdw.com/about/corporate-governance/communicating-concerns-to-the-board-of-directors/>.

**Complaint Procedures for Accounting, Auditing and Financial Related Matters.** The audit committee has established procedures for receiving, reviewing, and responding to complaints from any source regarding accounting, internal accounting controls, and auditing matters. The audit committee has also established procedures for the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters. Interested parties may communicate such complaints by following the procedures described under the heading **Communicating with Directors** above. Employees may report such complaints by following the procedures outlined in the Code of Business Conduct and Ethics and through other procedures communicated and available to them. We do not tolerate retaliation of any kind against any person who, in good faith, submits a complaint or concern under these procedures.

**Availability of Corporate Governance Materials.** You may access our certificate of incorporation, our bylaws, our Corporate Governance Policy, our Code of Business Conduct and Ethics, and all committee charters under **Committee Charter** in the **About Tidewater** section of our website at <http://www.tdw.com>. You also may request printed copies, which will be mailed to you without charge, by writing to us in care of our Corporate Secretary, 601 Poydras Street, Suite 1900, New Orleans, Louisiana 70130.

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### BOARD OF DIRECTORS

As of the date of this proxy statement, our board consists of 13 members.

**Board Meetings and Attendance.** During fiscal year 2012, our board held six meetings. Each director attended at least 75% of the meetings of the board and of the committees on which he or she served. Our board does not have a policy requiring director attendance at annual meetings; however, our board's practice is to schedule a meeting on the same day as the annual meeting to facilitate director attendance at the annual meeting. Ten of the 12 board members serving at the time attended the 2011 annual meeting.

**Director Independence.** Our board has affirmatively determined that 11 of our 13 current directors Messrs. Allison, Day, du Moulin, Foster, Leonard, Madonna, Netherland, Pattarozzi, Sutton, and Thompson, and Ms. Taylor are independent. The standards relied upon by the board in affirmatively determining whether a director is independent are comprised of the objective standards set forth in the corporate governance listing standards of the NYSE. In making this determination, our board evaluated responses to a questionnaire completed annually by each director regarding relationships and possible conflicts of interest between each director, the company, and management. In its review of director independence, our board also considered the commercial, industrial, banking, consulting, legal, accounting, charitable, and familial relationships any director may have with the company or management.

**Board Leadership Structure.** Our board's policy is to determine from time to time whether it is in the best interests of our company and our stockholders for the roles of chairman and chief executive officer to be separate or combined. We believe that our board should have the flexibility to make these determinations in a way that will best provide appropriate leadership for our company.

Until recently, the roles of chairman and chief executive officer were combined, as Mr. Taylor served in both positions until his retirement on May 31, 2012. Under Mr. Taylor's Non-Executive Chairman Agreement, which will expire in December 2013, Mr. Taylor will continue to serve as our non-executive chairman. Mr. Platt, formerly our chief operating officer, now serves as chief executive officer and as a member of our Board of Directors. Our board believes that this leadership structure is appropriate and best serves the interests of our company and our stockholders by facilitating an effective senior management transition. However, because Mr. Taylor is not independent under NYSE listing standards, the board has decided to continue to use a lead independent director.

**Selection and Role of Lead Independent Director.** Under our Corporate Governance Policy, if the chairman of the board is not independent, the board elects a lead independent director at the meeting at which the chairman is elected. Because our chairman, Mr. Taylor, served as our chief executive officer through May 31, 2012 and is not independent under NYSE listing standards, we continue to use a lead independent director. The nominating and corporate governance committee recommends a candidate for election as lead independent director, and our independent directors, taking the committee's recommendation into consideration, elect an independent director to fill that role. Mr. Pattarozzi has served as our board's lead independent director since 2008.

The lead independent director's responsibilities include:

presiding at meetings where the chairman is not present, including regularly-scheduled executive sessions and sessions where only independent directors are present;

serving as the principal liaison between the chairman and the independent directors;

calling meetings of the independent directors as needed, provided notice of the meeting is given to the chairman;

recommending to the chairman the retention of outside advisors to the board; and

assisting the chairman in setting agendas and schedules for board meetings.



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**Executive Sessions of Independent Board Members.** The independent members of the board of directors meet in regularly-scheduled executive sessions presided over by our lead independent director. Our Corporate Governance Policy requires at least three such executive meetings per year. At the conclusion of each board meeting, the non-management members have the opportunity to meet in executive session if they so choose. The non-management and independent directors may schedule additional executive sessions throughout the year. During fiscal 2012, the non-management members of our board (all of our directors except Mr. Taylor, who was a member of management until May 31, 2012 and Mr. Platt, who was not a director during fiscal 2012) met six times in executive session.

**Annual Board Self-Assessments.** To assist in its review as to whether the board and its committees are functioning effectively, our board has instituted annual self-assessments of the board and each of its committees. The nominating and corporate governance committee oversees this evaluation process. In fiscal 2012, our board and each of its committees completed self-evaluations and reviewed and discussed the results, making changes as deemed necessary to improve director communications and the overall effectiveness of board and committee meetings.

**Role of the Board in Risk Oversight.** While our board as a whole has responsibility for risk oversight, each of our board committees oversee and evaluate risks associated with its respective areas of responsibility, as summarized below under Composition and Role of Board Committees. Our board and its committees focus annually on identifying, evaluating, and managing the spectrum of key risks faced by our company. The particular areas of focus include strategic, operational, financial and reporting, compensation, regulatory and compliance, international, and other risks.

**Table of Contents****COMPOSITION AND ROLE OF BOARD COMMITTEES**

Our board currently has four standing committees: audit, compensation, nominating and corporate governance, and finance and investment. Each of these four committees is comprised entirely of independent directors and is governed by a written charter that is reviewed annually and approved by the full board. A copy of each committee charter may be obtained online or by mail as described in Corporate Governance Availability of Corporate Governance Materials.

The current members of each board committee are identified in the following table, which also indicates the number of meetings each committee held in fiscal 2012:

|   | Board Committee |              |   |                              |
|---|-----------------|--------------|---|------------------------------|
|   | Audit           | Compensation | Nominating and<br>Corporate<br>Governance | Finance<br>and<br>Investment |
| M. Jay Allison                                  | X               |              |   | X                            |
| James C. Day                                    | X               |              | X   |                              |
| Richard T. du Moulin                            |                 | Chair        |   | X                            |
| Morris E. Foster                                |                 | X            |   | X                            |
| J. Wayne Leonard                                | X               |              |   | X                            |
| Jon C. Madonna                                  | Chair           |              | X   |                              |
| Joseph H. Netherland                            |                 | X            |   | X                            |
| Richard A. Pattarozzi                           |                 | X            | X   |                              |
| Nicholas J. Sutton                              |                 | X            | X   |                              |
| Cindy B. Taylor                                 | X               |              |   | Chair                        |
| Jack E. Thompson                                |                 | X            | Chair                                     |                              |
| <b><i>Number of Meetings in Fiscal 2012</i></b> | <b>10</b>       | <b>8</b>     | <b>6</b>                                  | <b>7</b>                     |

**Audit Committee.** Our board's audit committee is a separately-designated, standing committee established in accordance with the Securities Exchange Act of 1934. Its members are listed in the above chart. The board has determined that three of the five committee members Messrs. Madonna and Leonard and Ms. Taylor qualify as an audit committee financial expert, as defined by SEC rules.

The main function of our audit committee is to oversee our accounting and financing reporting processes, internal systems of control, independent auditor relationship, and the audits of our financial statements. The audit committee's key responsibilities are:

appointing and retaining our independent auditor;

evaluating the qualifications, independence, and performance of our independent auditor;

reviewing and approving all services (audit and permitted non-audit) to be performed by our independent auditor;

reviewing with management and the independent auditor our audited financials;

reviewing the scope, adequacy, and effectiveness of our internal controls;

reviewing with management our earnings reports and quarterly financial reports; and

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monitoring the company's efforts to mitigate the risk of financial loss due to failure of third parties. The audit committee is also responsible for any audit reports the SEC requires us to include in our proxy statements. In this proxy statement, the requisite report may be found under the heading, Audit Committee Report.



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Compensation Committee. The role of the compensation committee is to assist our board of directors in discharging its responsibilities relating to:

overseeing our executive compensation program;

reviewing and approving corporate goals and objectives relevant to the compensation of our executive officers and determining and approving the compensation of our executive officers;

consideration of all substantive elements of our employee compensation package, including identifying, evaluating, and mitigating any risks arising from our compensation policies and practices;

ensuring compliance with laws and regulations governing executive compensation; and

engaging in such other matters as may from time to time be specifically delegated to the committee by the board of directors.

The committee reports to the board of directors on all compensation matters regarding our executive officers and management. The compensation committee is also responsible for reviewing and discussing with management the Compensation Discussion and Analysis portion of our proxy statement and, based on such review and discussion, recommending to the board that the Compensation Discussion and Analysis be included in our proxy statement and issuing a Compensation Committee Report to that effect to be included in the proxy statement.

The Compensation Discussion and Analysis section of this proxy statement provides a discussion of the process the committee uses in determining executive compensation. Included in the subsection entitled The Process of Setting Compensation is a description of the scope of the committee's authority, the role played by our chief executive officer in recommending compensation for the other named executives, and the committee's engagement of compensation consultants.

*Risk Review of Employee Compensation.* Consistent with SEC disclosure requirements, the compensation committee has performed a risk assessment of our company's compensation programs. Management has identified the elements of our compensation program that could incentivize risk and has reported to the compensation committee its assessment of those risks and mitigating factors particular to each risk. The compensation committee has concluded that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on our company. Some of the findings the committee considered in reaching this conclusion include:

our cash/equity mix strikes an appropriate balance between short-term and long-term risk and reward decisions;

the company performance portion of our annual incentive plans is based on company-wide value creation and safety criteria, which are less likely to be affected by individual or group risk-taking;

our annual incentive plans through fiscal year 2012 include a long-term performance component and have payout caps;

our equity grants to our officers contain a mix of time-based and performance-based awards;

the presence of multi-level reviews and approvals of compensation levels and performance criteria; and

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the company has an executive compensation recovery policy ( clawback ) and stock ownership guidelines for its executives.  
Nominating and Corporate Governance Committee. The purpose of the nominating and corporate governance committee is to:

assist our board by identifying individuals qualified to serve as directors of the company and recommending nominees to the board;

monitor the composition of our board and its committees;

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recommend to our board a set of corporate governance guidelines for the company;

oversee legal and regulatory compliance;

monitor the company's efforts to assess the adequacy of information technology capacity and infrastructure;

review director compensation and benefits; and

lead our board in its annual review of the board's performance.

Additional information regarding the committee's role in nominating directors and the ability of stockholders to recommend candidates for director may be found under "Election of Directors" "Director Nominating Process and Considerations" and "Consideration of Candidates Recommended by Stockholders," respectively.

The nominating and corporate governance committee is also responsible for annually reviewing and setting director compensation and benefits and for reviewing director education programs. In early fiscal 2012, the nominating and corporate governance committee reviewed our company's director retainers, meeting fees, and stock-based compensation in comparison to the director compensation provided by similarly-sized public companies. The committee made no changes to our director compensation program as a result of this review, although changes were made in fiscal 2013 to our director compensation program as noted under "Director Compensation" "Director Fees."

Finance and Investment Committee. The purpose of the finance and investment committee is to:

oversee our company's financial affairs, policies, and strategies, including its annual and long-term financial plans;

monitor investment policies and guidelines for its employee benefits trust funds; and

evaluate and analyze the company's capital structure, tax strategy, dividend policy, and risk profile.

The finance committee also has responsibility for appointing and monitoring independent investment managers and for overseeing the development of projected operating budgets and capital expenditures and making recommendations as appropriate to our board on an annual and quarterly basis.

**Table of Contents****DIRECTOR COMPENSATION****FISCAL YEAR 2012 DIRECTOR COMPENSATION TABLE**

This table reflects all compensation paid to or accrued by each of our non-management directors during fiscal 2012. The compensation of Mr. Taylor, who served as our president and chief executive officer through May 31, 2012 in addition to serving as chairman of our board, is disclosed in the Summary Compensation Table in the section titled Executive Compensation. A description of the elements of our director compensation program follows this table.

| <b>Name of Director</b> | <b>Fees Earned<br/>or Paid in<br/>Cash<br/>(\$)</b> | <b>Stock<br/>Awards(1)<br/>(\$)</b> | <b>Changes in<br/>Pension<br/>Value<br/>and<br/>Nonqualified<br/>Deferred<br/>Compensation<br/>Earnings(2)<br/>(\$)</b> | <b>All Other<br/>Compensation(3)<br/>(\$)</b> | <b>Total<br/>(\$)</b> |
|-------------------------|---|-------------------------------------|---|---|-----------------------|
| M. Jay Allison          | 78,000  | 110,309                             |   | 5,000   | 193,309               |
| James C. Day            | 72,000  | 108,364                             |   |   | 180,364               |
| Richard T. du Moulin    | 80,500  | 111,281                             | 2,434   |   | 194,215               |
| Morris E. Foster        | 73,500  | 101,396                             |   | 30,000  | 204,896               |
| J. Wayne Leonard        | 76,500  | 111,281                             | 1,785   |   | 189,566               |
| Jon C. Madonna          | 88,000  | 111,281                             | 7,356   | 1,500   | 208,137               |
| Joseph H. Netherland    | 75,000  | 105,339                             |   | 5,000   | 185,339               |
| Richard A. Pattarozzi   | 103,000   | 111,281                             | 5,110   | 1,000   | 220,391               |
| Nicholas J. Sutton      | 73,500  | 110,687                             |   |   | 184,187               |
| Cindy B. Taylor         | 88,000  | 107,554                             |   | 5,000   | 200,554               |
| Jack E. Thompson        | 85,000  | 111,281                             | 800   | 5,000   | 202,081               |

- (1) Amounts in this column reflect the aggregate grant date fair value of the deferred stock units granted to each of our non-management directors plus the value of dividends on deferred stock units credited for reinvestment during the fiscal year. Each of the non-management directors was granted 1,852 deferred stock units on March 31, 2012. At the end of fiscal 2012, our non-management directors held the following numbers of deferred stock units: Messrs. du Moulin, Leonard, Madonna, Pattarozzi, and Thompson, 12,486 units each; Mr. Sutton, 11,921 units; Mr. Allison, 11,595 units; Mr. Day, 9,767 units; Ms. Taylor, 8,975 units; Mr. Netherland, 6,856 units; and Mr. Foster, 3,036 units.
- (2) Amounts in this column reflect the change in pension value for each participant in our Director Retirement Plan (which closed to new participants on March 31, 2006 and is frozen).
- (3) For each director other than Mr. Foster, this amount represents the costs of payments and payment commitments pursuant to our Gift Matching Program. For Mr. Foster, the amount represents the second installment of a charitable donation made on behalf of Mr. Foster to Texas A&M University. The company has agreed to make an annual donation of \$30,000 for a five-year period, business conditions permitting.

We use a combination of cash and equity-based compensation to attract and retain our non-management directors. Compensation for the non-management directors for fiscal 2012 consisted of an annual cash retainer, an additional annual cash retainer for the lead director and for the chairs of each board committee, meeting fees, an annual grant of deferred stock units, and other benefits. Officers of the company who also serve as directors do not receive compensation for services as a director.



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**Director Fees.** For fiscal year 2012, the cash and equity-based compensation payable to the non-management directors was as follows:

an annual cash retainer of \$40,000;

an additional annual cash retainer of \$20,000 for the lead director;

an additional annual cash retainer of \$15,000 for the chair of each of the audit committee and the compensation committee, and \$10,000 for the chair of each of the nominating and corporate governance committee and the finance and investment committee;

a meeting fee of \$2,000 for each board meeting attended and \$1,500 for each committee meeting attended; and

an annual grant of deferred stock units valued at date of grant at \$100,000 and described in more detail below.

Based on a competitive review of director pay levels and design practices among energy services companies provided by Meridian, beginning in fiscal year 2013, the board amended the non-management director compensation program to (i) increase the annual cash retainer to \$60,000, (ii) eliminate board meeting fees, and (iii) increase the annual deferred stock unit award to \$115,000.

**Annual Grant of Deferred Stock Units.** Under the Directors Deferred Stock Units Plan, each non-management director receives a grant of deferred stock units on March 31 of each year. The number of units each director receives is determined by dividing \$100,000 by the fair market value of a share of our common stock on the date of grant, rounded up to the next whole share. Dividend equivalents are credited to each director's account in the form of additional deferred stock units, priced at the fair market value of our common stock on the date the dividend is declared. A person who becomes a director or leaves the board during the fiscal year receives a pro rata grant. In the event of a change of control of our company, each non-management director will be granted a pro rata number of stock units for the partial year of service beginning at the end of the prior fiscal year through the date of the change of control.

These deferred stock units are paid out in cash when a director ceases to serve on our board or upon a change of control of our company. The cash amount paid to the director is equal to the number of stock units credited to the director's account in the Directors Deferred Stock Units Plan, multiplied by the fair market value of a share of our common stock valued as of the date of the event that triggers payout.

**Stock Ownership Guidelines.** Our directors are subject to stock ownership guidelines requiring each director to own and hold company stock worth five times his or her annual cash retainer no later than five years after his or her appointment. Under the guidelines, a director's annual grants of deferred stock units count as shares of company stock. At the end of fiscal 2012, each of our directors was in compliance with the guidelines except Mr. Foster, who has until 2015 to comply with the guidelines. These guidelines are described in greater detail under Compensation Discussion and Analysis Other Compensation and Equity Ownership Policies Stock Ownership Guidelines.

**Other Benefits.** We reimburse all directors for reasonable travel and other out-of-pocket expenses incurred in connection with attendance at meetings of the board of directors and its committees. In addition, directors are generally eligible to participate in the company's Gift Matching Program on the same terms as employees. Under this program, the company matches a director's contribution to an educational institution or foundation up to \$5,000 per year. The company may make other charitable contributions on behalf of a director or the full board outside of the Gift Matching Program.

**Retirement Plan.** In the past, we provided a Retirement Plan for the benefit of non-management directors who retired from our board on or after reaching age 65 or after completing five or more years of service on our board. We froze benefits under the Retirement Plan as of March 31, 2006 and terminated any further benefit accruals. In March 2011, we increased the mandatory retirement age for directors from 72 to 75, and therefore we increased the Retirement Plan's assumed retirement age from 72 to 75 as well.

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Each of Messrs. Allison, Day, Foster, Netherland, and Sutton and Ms. Taylor became directors after March 31, 2006, and are thus ineligible to participate in the Retirement Plan. Each of Messrs. du Moulin, Leonard, Pattarozzi and Thompson became directors after May 31, 2001 but before March 31, 2006, and therefore upon retirement will be eligible to receive an annual benefit of \$30,000 for no more than five years. Mr. Madonna, who was a member of our board on May 31, 2001, will receive an annual benefit of \$30,000 for a term equal to the number of years he served as a non-management director through March 31, 2006, upon his retirement from our board. If a director dies prior to payment of his benefit, a death benefit is payable to his beneficiaries equal to the then-present value of the unpaid benefit. The Retirement Plan provides for the protection of benefits in the event of a change of control of our company and allows a director to elect to be paid out in a lump sum in such event.

The accrued benefits of the board members under the Retirement Plan and their years of credited service are as follows:

| Eligible Board Member | Years of Service Credit | Present Value of Retirement Benefit(1) |
|-----------------------|-------------------------|--|
| Richard T. du Moulin  | 2 1/2                   | \$ 30,367                              |
| J. Wayne Leonard      | 2 1/2                   | 22,259                                 |
| Jon C. Madonna        | 6 3/4                   | 99,106                                 |
| Richard A. Pattarozzi | 4 1/2                   | 68,851                                 |
| Jack E. Thompson      | 1                       | 10,771                                 |

(1) Assumes retirement at age 75 and an 8% fixed rate of return.

**Mr. Taylor's Transition to Non-Executive Chairman.** Having retired on May 31, 2012 from the positions of president and chief executive officer, Mr. Taylor now serves as our non-executive Chairman of the Board. Under the terms of his Retirement and Non-Executive Chairman agreement (discussed in greater detail under Compensation Discussion and Analysis - Changes in Management and Compensation Following Fiscal 2012 ), Mr. Taylor is eligible to receive compensation as a non-management director under our director compensation program beginning June 1, 2012. In addition, he will receive an annual fee of \$150,000 for service as our non-executive chairman of the board through December 31, 2013, pro-rated for partial year service.

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**ADVISORY VOTE ON EXECUTIVE COMPENSATION ( SAY-ON-PAY VOTE )**

**(PROPOSAL 2)**

The Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted in July 2010, requires that we provide our stockholders with the opportunity to vote to approve, on a non-binding, advisory basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with the rules of the SEC. This vote (commonly referred to as a say-on-pay vote) is advisory, which means that the vote on executive compensation is not binding on the company, our board of directors or the compensation committee of the board of directors. However, our board and our compensation committee value the opinion of our stockholders and will consider the outcome of the vote when evaluating our executive compensation program. The vote on this resolution is not intended to address any specific element of compensation, but rather relates to the overall compensation of our named executive officers and our compensation philosophy and practices, as described in this proxy statement.

At last year's annual meeting, we asked our stockholders to vote on whether we should hold a say-on-pay vote every one, two or three years. Consistent with the recommendation of our board of directors, our stockholders overwhelmingly voted to hold the say-on-pay vote every year, with over 87% of the total votes cast voting in favor of holding an annual say-on-pay vote. After consideration of the 2011 voting results, and based upon its prior recommendation, our board of directors elected to hold say-on-pay votes on an annual basis until the next advisory vote on the frequency of future say-on-pay votes, which will be held no later than the company's 2017 annual meeting of stockholders. Accordingly, this year we are again asking our stockholders to vote on the following resolution:

**RESOLVED**, that the compensation paid to the named executive officers as disclosed in the proxy statement for the company's 2012 annual meeting of stockholders pursuant to Item 402 of Regulation S-K of the rules of the Securities and Exchange Commission is hereby **APPROVED**.

We understand that executive compensation is an important matter for our stockholders. Our core executive compensation philosophy and practice continue to be based on pay for performance, and we believe that our compensation program is strongly aligned with the long-term interests of our stockholders. In considering how to vote on this proposal, we encourage you to review all the relevant information in this proxy statement our Compensation Discussion and Analysis (including its executive summary), the compensation tables, and the rest of the narrative disclosures regarding our executive compensation program.

While this say-on-pay vote is not binding, our compensation committee and board take the views of our stockholders seriously and will review the voting results and will consider the outcome of the vote when making future compensation decisions for our named executives. We invite stockholders who wish to communicate with our board on executive compensation or any other matters to contact us as provided under Board of Directors Communicating with Directors.

Approval of this resolution requires the affirmative vote of the holders of at least a majority of the voting power present or represented by proxy at the annual meeting. See Questions and Answers about the Annual Meeting and Voting.

**Our board unanimously recommends that you vote to approve the compensation of our named executives as disclosed in this proxy statement by voting FOR this resolution.**



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**COMPENSATION DISCUSSION AND ANALYSIS**

This section of the proxy statement describes and analyzes our executive compensation philosophy and program in the context of the compensation paid during the last fiscal year to our former chief executive officer, our chief financial officer, and our three other most highly-compensated executives. We refer to these executives as our named executives or NEOs. For fiscal 2012, our named executives were:

Dean E. Taylor, our Chairman and, until May 31, 2012, our President and Chief Executive Officer;

Jeffrey M. Platt, our current President and Chief Executive Officer, who served as Executive Vice President and Chief Operating Officer prior to this promotion;

Quinn P. Fanning, our Executive Vice President and Chief Financial Officer;

Bruce D. Lundstrom, our Executive Vice President, General Counsel, and Secretary; and

Joseph M. Bennett, our Executive Vice President and Chief Investor Relations Officer.

In this CD&A, we first provide an *Executive Summary* of our actions and highlights from the fiscal year. We next explain the *Compensation Philosophy and Objectives* that guide our compensation committee's executive compensation decisions. We then describe the committee's *Process of Setting Compensation*, including the supporting role played by the chief executive officer. Finally, we discuss in detail each of the *Compensation Components*, including, for each component, a design overview as well as the actual results yielded for each named executive in fiscal 2012. We suggest that you read this section of the proxy statement in conjunction with the advisory say-on-pay vote (Proposal 2), as this section contains information you may find relevant to your voting decision.

**Executive Summary**

Our company operates a diversified fleet of marine service vessels and provides other marine support services to the global offshore energy industry. With operations in most of the world's significant offshore crude oil and natural gas exploration and production regions, we have one of the broadest global operating footprints in the offshore energy industry. We provide services in support of all phases of offshore exploration, field development, and production, including towing of, and anchor handling for, mobile offshore drilling units; transporting supplies and personnel necessary to sustain drilling, workover, and production activities; offshore construction and seismic support; and a variety of specialized services such as pipe and cable laying. Our international operations are the primary driver of our revenue and earnings, as approximately 93% of our revenues come from operations outside of the United States territorial waters. For more information about our business, please see *Business and Management's Discussion and Analysis of Financial Condition and Results of Operations* in our Annual Report on Form 10-K for the year ended March 31, 2012.

Key Compensation Actions During and Post Fiscal 2012. Our fiscal 2012 financial performance and the prevailing business environment provided the basis for some of the following results and key committee decisions, which are discussed more fully elsewhere in this CD&A.

Named Executives Earned Between 60% and 74% of Target Annual Incentive Award. As in the previous two fiscal years, none of our named executives received an annual incentive on the basis of EVA in fiscal 2012, the primary company performance metric in our annual incentive program. This was largely a result of a generally depressed vessel market, especially in the first half of the year, but also caused by our continued strategic emphasis on capital investment in vessel additions and the lower return on capital employed given the generally depressed vessel market.

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Pay-for-Performance Designs Meant Forfeiture of Performance-Based Restricted Stock Granted in 2008. Shares of restricted stock granted in 2008 were forfeited as the underlying performance metrics were not met. Together, our named executives (excluding Mr. Fanning) forfeited over \$1.3 million in restricted stock following fiscal 2012.

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**Vesting of One-third of Each Named Executive's 2012 Equity Grant Tied to the Company's Three-Year Relative Total Stockholder Return.** As in prior years, a substantial portion of each named executive's equity award will vest only if a particular long-term performance metric is met. For the annual equity awards granted in fiscal year 2012, the performance metric is the Company's three-year total stockholder return (TSR) as measured against that of its peers. This performance-based equity award of restricted stock units (RSUs) will vest and pay out in shares ranging from 0-200% of the target shares granted depending on the Company's relative TSR performance.

**CEO Transition.** Following fiscal 2012, we announced the retirement of Dean Taylor, who has been with us approximately 34 years and has served as our chief executive officer for 10 years. The compensation committee successfully negotiated a transition arrangement, ensuring the continued assistance of Mr. Taylor through 2013. Further, the committee put in place a new chief executive officer compensation package for Mr. Platt, our new chief executive officer, which reduces our chief executive officer's target compensation from prior years, partly as a result of his shorter tenure with the company and also due to the fact that he is new to the position of chief executive officer. Given Mr. Platt's shorter tenure with the company, we expect that his total reported compensation will be impacted less by factors, such as interest rate fluctuations, that are inherent in pension plan valuation.

**Compensation Best Practices.** Our compensation committee strives to incorporate best practices in our executive compensation program, such as the following:

**Emphasis on Incentive Compensation.** By design, the largest portion of our named executives' pay is delivered in the form of performance-driven and at-risk incentive compensation, to more closely align executive pay with the interests of our stockholders.

**Executive Compensation Recovery Policy.** Given that a significant portion of each named executive's compensation is incentive-based, the compensation committee has adopted a compensation recovery, or clawback, policy applicable to cash or equity incentive compensation, which permits the company to recoup such payments in certain situations if the financial statements covering the reporting period to which such compensation relates must be restated.

**Independent Consultant.** The compensation committee retains an independent compensation consultant to advise it on executive compensation matters and the consultant reports directly to the committee and does not provide any other services to management.

**No Severance Benefits Outside the Change of Control Context.** Our named executives are not entitled to any severance benefits except as a result of certain terminations of employment that occur in connection with a change of control of our company.

**Robust Stock Ownership Guidelines Applicable to Directors and Officers Coupled with a Prohibition on Hedging Transactions.** Directors and officers are required to hold significant positions in company stock within five years of appointment or election—five times annual retainer or base salary for directors and our chief executive officer and three times base salary for our other named executives. Because we believe it important that our named executives experience the full risks and rewards of stock ownership, our Policy Statement on Insider Trading prohibits all directors and employees, including our named executives, from engaging in any transactions in our company's securities designed to hedge or offset any decrease in their market value, regardless of whether those securities were received as compensation.

**No Excise Tax Gross-Ups in Future Agreements.** Although some of our executives currently have a right to receive an excise tax gross-up if such a tax is triggered in connection with his termination following a change of control, the committee determined prior to fiscal 2011 that the company would no longer provide that benefit in any new change of control agreements.

**No Income Tax Gross-Ups on Perquisites.** We do not pay tax gross-ups on any perquisites.



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**Defined Benefit Pension Plan Frozen.** As of December 31, 2010, we froze additional benefit accruals under our qualified defined benefit pension plan (our Pension Plan), which has been closed to new participants since January 1, 1996. Certain of our named executives participate in the Pension Plan on the same general terms as our other employees. Pension Plan participants now receive retirement benefits under our defined contribution retirement plan, which has been in place since the Pension Plan was closed to new participants.

### **Compensation Philosophy and Objectives**

As a company with a global reach in an operationally-demanding, volatile, highly cyclical, and capital-intensive business, we design our executive compensation program to achieve the following objectives:

promote a performance- and results-oriented environment;

align compensation with performance measures that are directly related to our company's key financial and safety goals, individual performance, and creation of long-term stockholder value;

attract, motivate, and retain the executive talent that we require to compete and manage our business effectively;

manage fixed costs by combining a more conservative approach to base salaries with more emphasis on performance-dependent annual and long-term incentives;

maintain individual levels of compensation that are appropriate relative to the compensation of other executives at the company; and

grant equity-based incentives as the primary component of long-term compensation to ensure that a significant portion of each executive's compensation is linked to stockholder returns.

Since our compensation programs are designed to reward achievement of corporate objectives, we change our programs from time to time as our objectives change. The specific principles followed and decisions made in establishing the compensation of the named executives for fiscal 2012 are discussed in more detail below.

### **Process of Setting Compensation**

Our board of directors has delegated to the compensation committee the primary responsibility for overseeing our executive compensation program. The compensation committee annually reviews and sets the compensation for our executive officers, reporting to the full board on all compensation matters regarding our executives and other key management employees. For more information about the compensation committee's responsibilities, see [Composition and Role of Committees](#) Compensation Committee.

**Role of the Chief Executive Officer.** Our chief executive officer makes recommendations to the compensation committee with respect to salary, bonus, and long-term incentive awards for all executive officers other than himself. He develops those recommendations based on the competitive market information generated by the committee's compensation consultant, the company's compensation strategy, his assessment of individual performance, and the experience level of the particular executive. The committee discusses those recommendations with the chief executive officer and either approves or modifies the recommendations in its discretion.

In evaluating the chief executive officer's compensation, the committee reviews the competitive market information provided by its compensation consultant and bases its decisions regarding his compensation on our overall compensation strategy, the consolidated input of each of the board members, the chief executive officer's self-assessment, and the committee's independent assessment of his performance. The chief executive officer is not present when the committee makes its determinations regarding his compensation.



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**Role of Compensation Consultant.** Our compensation committee has sole authority over the selection, use, and retention of any compensation consultant engaged to assist the committee in discharging its responsibilities. Meridian Compensation Partners, LLC ( Meridian ) has served as the committee's primary consultant since 2010. The compensation committee's primary consultant also surveys director compensation when such information is requested by our nominating and corporate governance committee, which is responsible for reviewing director compensation. Meridian provides no other services to, nor has any other relationship with, our company.

In addition, from 2006 through December 2011, the committee retained Stern Stewart & Co. to provide specific guidance on utilizing the measure of economic value added or EVA as a component of our annual incentive plan. Beginning in 2012, the committee does not have an existing retainer arrangement with Stern Stewart, although the firm is available to assist on EVA matters as needed. The use of EVA® and Stern Stewart's role in its development are discussed in greater detail below in Annual Cash Incentive Compensation.

The committee endeavors to use the most current information available when making compensation decisions, reviewing an annual compensation report prepared by Meridian. However, because base salaries and bonus opportunities are determined in advance of a fiscal year, and equity awards are typically made just prior to the close of the fiscal year, the committee reviews two compensation analyses in setting compensation for a given fiscal year. The committee reviewed a March 2011 report prior to finalizing fiscal 2012 base salaries and bonus opportunities, but referenced an updated report from Meridian in setting the March 2012 equity awards. For each report, the committee asked Meridian to:

provide information regarding current competitive compensation levels for each element of compensation paid to senior executives among oilfield service and general industry companies;

provide a special proxy compensation analysis developing total remuneration levels for a peer group of companies, which is made up of 26 similarly-sized industry peer energy service companies; and

assist with the review of which companies are appropriate for inclusion in the group of peer companies.

In consultation with Meridian, we updated our peer group in 2010 in order to include companies in related industries that are similar to us in terms of revenues, market capitalization, enterprise value, assets, number of employees, foreign sales percentage, and asset turnover, although we retained approximately 70% of the companies in the prior peer group to ensure consistency in comparisons. The committee also reviewed detailed performance data on the peer group. Meridian's compensation analyses compared our executive compensation to two different groups: the most recent data for a revised peer group of 26 companies as well as the Towers Watson Oilfield Service Compensation Survey from August 2010. These companies are identified in Annex A.

**Policy and Analysis.** We review our actual and target total direct compensation (base salary, target annual cash incentive compensation, and annual long-term equity incentive grant values) in conjunction with the consultant's compensation analyses in order to determine where target total direct compensation for our executive officers is likely to fall. Our general goal is for our target total direct compensation to be competitive with a range around the median (50<sup>th</sup> percentile) of the companies included in the competitive compensation analyses.

We do not have a specific policy for the allocation of compensation between short-term and long-term compensation or cash and equity compensation. However, we strongly emphasize the at-risk and performance-based elements of compensation. For example, approximately 86% of Mr. Taylor's target total direct compensation for fiscal 2012 (base salary plus target annual incentive plus target long-term equity incentive, as valued by the committee at grant and not based on the accounting valuation) was either performance-based or at risk, meaning that it either had to be earned on the basis of performance (in the case of his annual incentive) or its actual value to him will be contingent upon our future performance (in the case of his long-term equity incentive, a portion of which will only vest after three years if a cumulative three-year performance goal is met).

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Maintaining median salary levels also allows us to appropriately manage our fixed cash obligations in our cyclical industry. By then using a higher salary multiple than that of our peer companies for our annual bonus target, we provide opportunities for our executives to achieve total cash compensation in successful years that exceeds the median of cash compensation paid by our peers. We link annual cash incentive compensation to the company's achievement of annual performance goals, while we link our long-term incentive compensation to longer-term performance goals and to the value of our common stock.

In July 2011, the committee also considered a wealth accumulation analysis prepared by Meridian. The purpose of this analysis was to allow the committee to understand the total wealth potential of past and future compensation and benefits. In addition, this type of tool aids the committee's understanding of how current compensation decisions can have a long-term, potentially compounding impact on future wealth accumulation. The committee first considered such an analysis in 2008, and has found it to be a useful tool to evaluate how the wealth accumulated by the named executives compares with similar data from our peer companies, recognizing that tenure and age of the executive can have a significant impact on the amount of wealth accumulated. The committee intends to review such an analysis every few years.

**Consideration of Prior Say-on-Pay Vote Results.** At our 2011 annual meeting, we held our first non-binding stockholder advisory vote on executive compensation (say-on-pay). Our stockholders overwhelmingly approved our fiscal 2011 executive compensation, with more than 96% of voting stockholders casting their vote in favor of the say-on-pay resolution. Because most of the significant fiscal 2012 compensation decisions had already been made at the time of the vote, the committee primarily considered the results of the 2012 say-on-pay vote along with other factors when making executive compensation decisions for fiscal 2013, with the exception of long-term equity incentive awards. In making executive compensation decisions for fiscal 2013, the committee's main considerations included our stockholders' strong support for our executive compensation program, the committee's satisfaction with the fiscal 2012 pay mix and levels, and information provided by Meridian. As a result, the committee generally decided to maintain the fiscal 2012 pay mix and levels for fiscal 2013, except for a few adjustments to base salary in recognition of increased responsibilities and some changes to the structure of our annual incentive program (as discussed under Compensation Components - Annual Cash Incentive Compensation).

### **Compensation Components**

The three core components of our executive compensation program are: base salary, an annual cash incentive, and long-term equity incentives. In addition, we offer our executives retirement benefits, change of control protections, and certain perquisites. Each of these components is discussed in detail below.

**Base Salary.** We review salary levels for named executives prior to the beginning of each fiscal year. Our annual base salary determinations are based on a variety of factors, including individual performance, general market salary levels, our company's overall financial condition, and industry conditions. As mentioned previously, however, we take a conservative approach to setting base salaries, consistent with our philosophy of placing greater emphasis on performance-driven compensation components.

For the prior fiscal year (fiscal 2011), salaries were relatively unchanged in the absence of significantly increased responsibilities (for example, Mr. Platt's promotion to Chief Operating Officer). However, in March 2011, the committee approved fiscal 2012 base salary increases for our named executives ranging from 2.5% to 12.4%, with the larger increases implemented to bring certain named executives to the median level of our peers and to recognize their current responsibilities.

**Annual Cash Incentive Compensation.** We pay annual cash incentives for the purpose of rewarding both company and individual performance during the year. Under our annual incentive plans, company performance is measured using two metrics - a financial metric and a safety metric.



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*General Structure of the Program*

Financial Metric EVA. In fiscal 2007, the compensation committee began working with Stern Stewart to institute an annual incentive program that focused on the economic value added (EVA) to our company during the fiscal year. EVA® is a framework developed by Stern Stewart for setting goals and measuring performance that rewards participants for both short-term and long-term results realized by the company. When we began using EVA in fiscal 2007, it was our goal to keep the EVA-based annual incentive program in place for three years in order to give us an adequate opportunity to evaluate the long-term effectiveness of the new system. At the end of fiscal 2009, we reviewed the long-term effectiveness of the EVA-based annual incentive program. As a result of that review, we decided to continue the program for another three-year period ending in fiscal year 2012 with certain limited adjustments, specifically, a cap and floor on any potential payouts, and a reduction in the percentage of the annual incentive calculated by reference to EVA from 75% to 50%.

For fiscal 2013, the committee has once again elected to use EVA as one of the performance metrics for annual cash awards, but has structured the program as a more traditional annual program, instead of a three-year program. As such, performance in one year will not impact payouts in subsequent years. Thus, after completion of the three-year program ending in fiscal 2012, the committee has discontinued use of the bonus bank and has also reduced the cap on the EVA-based awards from 5.0 times target to 3.5 times target for future annual cash incentive awards. More information regarding our annual cash incentive program for fiscal year 2013 will be included in next year's proxy statement.

Safety Metric. We include a safety performance component in our annual incentive program (25% of the target incentive opportunity) to reinforce our commitment to be an industry leader in safety. Experience has taught us that a safe work environment helps us to attract and retain a more experienced work force. Additionally, a safe work environment gives us an advantage when we compete for work from the most reputable and superior customers. Finally, a solid safety record helps us to minimize our insurance premiums and overall cost of doing business.

Individual Performance. Our compensation committee also believes that it is important to recognize individual performance in our annual incentive program, and therefore includes an individual component representing 25% of the target incentive opportunity for each named executive.

Participation in Annual Incentive Plans. The portion of the annual incentive award established for our chief executive officer that is based upon EVA and safety is earned under our Company Performance Executive Officer Annual Incentive Plan. This plan is structured to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code in order to be fully tax deductible by our company. We have also established a separate Individual Performance Executive Officer Annual Incentive Plan under which the compensation committee can award our chief executive officer a separate annual award that may be earned based on the committee's evaluation of his individual performance. In fiscal 2012, annual incentive awards paid to our other named executives are paid under our Management Annual Incentive Plan. These awards are also based upon EVA, safety performance, and an evaluation of individual performance by the chief executive officer and the compensation committee.

Fiscal 2012 Target Awards. Prior to each fiscal year, our compensation committee specifies target annual awards for each named executive. The target award is a percentage of base salary and the percentage is determined by the participant's position and ability to directly influence our financial and safety performance, with reference to data supplied by the compensation consultant related to the market for similar positions. The following chart shows the target awards set for our named executives for fiscal 2012, as well as the percentage

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allocation to each component and the amount of payout each component would have yielded at target level of performance for each of the named executives:

| Named Executive    | Fiscal 2012 Annual Incentive Target Awards |   | Percentage of Target Allocated Among AIP Components |                                   |                                       |
|--------------------|--|---|---|-----------------------------------|---------------------------------------|
|                    | 2012 AIP Target Award Target % of Salary   | 2012 AIP Target Award Target Incentive Award (\$) | EVA (50% of Target Award) (\$)                      | Safety (25% of Target Award) (\$) | Individual (25% of Target Award) (\$) |
| Dean E. Taylor     | 120%                                       | \$ 810,000  | \$ 405,000  | \$ 202,500                        | \$ 202,500                            |
| Jeffrey M. Platt   | 95%  | 427,500   | 213,750   | 106,875                           | 106,875                               |
| Quinn P. Fanning   | 95%  | 332,500   | 166,250   | 83,125                            | 83,125                                |
| Bruce D. Lundstrom | 95%  | 332,500   | 166,250   | 83,125                            | 83,125                                |
| Joseph M. Bennett  | 95%  | 252,890   | 126,445   | 63,223                            | 63,223                                |

The total percentage of salary that the named executive is eligible to receive increases or decreases based upon performance above or below the target for each of the performance goals. Once each component has been allocated a percentage of the total target award, it is evaluated independently of the other two components. At performance above or below target, a given component may pay more or less than the target amount. There is a maximum possible payout under each component as described under Criteria for 2012. In addition to the component caps, the maximum possible payout under the company performance portion for our chief executive officer (EVA and safety components together) is \$3 million. The committee has discretion to reduce amounts payable under the plans.

*Criteria for 2012*

**EVA Criteria.** We calculate EVA by subtracting from our net after-tax operating profit an appropriate charge for the opportunity cost of all capital that we have invested over the measurement period. Thus, EVA measures the amount by which our earnings exceed or fall short of a rate of return that our stockholders could reasonably expect to obtain if they invested in other securities of comparable risk. Our intent has been that by emphasizing financial performance as a function of our invested capital, management would be incentivized to make prudent investments in assets capable of providing a strong return on capital.

Our net operating profit after taxes (NOPAT) generally equals revenues, less operating expenses, depreciation expense, general and administrative expenses, other income and expenses, and taxes on operating profit. We subtract a capital charge from NOPAT to determine EVA. Our capital charge is determined by multiplying our average capital invested during the year by a weighted average cost of debt and equity. Prior to each fiscal year, we set the weighted average cost of capital for that year. For 2012, based on advice of Stern Stewart, we used a 9% weighted average cost of capital. Certain adjustments to NOPAT are made in determining EVA, including adjustments to eliminate the effects of accounting changes, extraordinary items, discontinued operations, and unusual or infrequently occurring items (less the amount of related income taxes).

As in prior years, we required a \$5 million improvement in EVA in fiscal 2012 over EVA for the prior year in order for the EVA target to be achieved. Failure to achieve the EVA target for fiscal 2012 would result in reduced incentive awards and no EVA bonus amount would be generated if the negative change in EVA from the prior year's level was more than \$45 million.

We have used a targeted \$5 million improvement in annual EVA consistently since fiscal 2007, even though EVA levels can fluctuate substantially from year to year because of the volatility in our business sector.

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Certain elements of our three-year EVA program are intended to limit volatility in annual incentive payouts the bonus bank, including the floor on the bonus bank, and an annual cap on EVA-based bonuses. These features are intended to moderate the impact positive or negative of any single year.

The Bonus Bank. A portion of any bonus generated by EVA in a given year in excess of certain pre-established limits is set aside, or banked, for possible payout in future years, and is subject to reduction as a result of negative future EVA results. Any EVA bonus generated (or declared) is credited to a participant's personal bonus bank account each year, with a maximum annual payout of (1) up to the lesser of the declared EVA portion or 150% of the target bonus, and (2) one-third of any net positive bonus bank balance. The remaining two-thirds of the bonus bank is held at risk. In a year in which the EVA bonus declared would be a negative amount because the company has experienced a significant decline in EVA from the prior year, this negative amount is deducted from the bonus bank. Declared but unpaid amounts, including negative balances, are banked forward to be credited or debited against future declared bonus amounts in future years. In addition, regardless of EVA performance for any given year, the largest deficit a participant can carry forward to the next year is negative 50% of his or her EVA target. As noted previously, following the conclusion of the three-year program in fiscal year 2012, the bonus bank will no longer be used as we will be implementing a more traditional annual plan.

Cap on EVA-Based Bonus Amounts Declared in a Given Year. EVA-based bonus declaration for a fiscal year cannot exceed 5 times the participant's EVA target for that fiscal year. This cap applies to the total amount declared based on the EVA for the year, equal to any amount currently paid out based on EVA and any amount credited to the bonus bank for that year. As noted previously, following the conclusion of the three-year program in 2012, the 5 times cap on EVA-based bonus declaration was lowered to 3.5 times, more consistent with competitive norms for one-year plans.

Safety Criteria. The safety performance component is based upon our achievement of a pre-established goal for the fiscal year, which is based upon our Total Recordable Incident Rate (TRIR) per 200,000 work hours. Like the other two components, payout based on safety performance is scaled within a certain range of results for the safety component, the higher the TRIR, the smaller the payout. A TRIR higher than a certain threshold results in no payout.

A TRIR below a certain level will entitle a participant to a payment in an amount that is greater than the safety component's 25% target award and which may be up to 1.5 times the 25% target award. As noted previously, the safety performance portion operates independently from the other components, and the EVA bonus bank does not impact any payout based on safety performance.

The TRIR goal for fiscal 2012 was 0.15, which represents significantly better performance than the industry average, and was a 5% targeted improvement in our average safety performance levels over the preceding two years and a 12% targeted improvement over the preceding five-year average. No safety performance payout would be earned if the TRIR equaled or exceeded 0.22.

Individual Criteria. Each year the compensation committee informs our chief executive officer of the expectations for his individual performance for the year. Likewise, the chief executive officer advises the other named executives of the qualities and individual goals on which they will be evaluated for the year. For each named executive, these criteria and goals are discussed under Calculation of 2012 Annual Incentive Individual Performance.

The chief executive officer's individual performance payout may not exceed 150% of his target amount. Each of the other named executives could receive a maximum individual performance payout of up to 200% of his individual target award.

### *Calculation of 2012 Annual Incentives*

For fiscal 2012, each named executive earned between 60% and 74% of his target annual incentive award. With regard to EVA, there has been no annual incentive paid on the basis of EVA in the past three fiscal years

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(2010, 2011 or 2012), all amounts banked in prior years have been completely depleted, and each executive's bonus bank balance has been reduced to a negative number. The safety component paid out at greater than target for all the executives, as a result of the actual TRIR performance of 0.14 being better than the targeted 0.15 TRIR, the second best safety performance in company history. Finally, the individual performance award for each named executive ranged between 119% and 175% of his target individual performance award (compared to a maximum possible award for the chief executive officer of 150% of his target, and for each other named executive of 200% of his target).

| Named Executive    | Fiscal 2012 Annual Incentive Awards |                             |                      |   |                             |                         |                        |                  |
|--------------------|-------------------------------------|-----------------------------|----------------------|---|-----------------------------|-------------------------|------------------------|------------------|
|                    | Target Award as a % of Salary       | Target Incentive Award (\$) | Fiscal 2012 EVA (\$) | Fiscal 2012 Component Payouts Safety (\$) | Individual Performance (\$) | Total Award Earned (\$) | As a % of Target Award | As a % of Salary |
| Dean E. Taylor     | 120%                                | 810,000                     | 0                    | 243,000                                   | 297,500                     | 540,500                 | 67%                    | 80%              |
| Jeffrey M. Platt   | 95%                                 | 427,500                     | 0                    | 128,250                                   | 126,914                     | 255,164                 | 60%                    | 57%              |
| Quinn P. Fanning   | 95%                                 | 332,500                     | 0                    | 99,750                                    | 124,688                     | 224,438                 | 68%                    | 64%              |
| Bruce D. Lundstrom | 95%                                 | 332,500                     | 0                    | 99,750                                    | 145,469                     | 245,219                 | 74%                    | 70%              |
| Joseph M. Bennett  | 95%                                 | 252,890                     | 0                    | 75,867                                    | 79,028                      | 154,895                 | 61%                    | 58%              |

The calculation of each component's payout is discussed below.

**EVA (50% of target incentive opportunity).** For fiscal 2012, the company's EVA was a negative \$139.6 million, as compared to fiscal 2011 EVA of a negative \$114.5 million, resulting in a change in fiscal 2012 EVA of a negative \$25.1 million. Historically, changes in EVA from year to year have been substantial. For example, fiscal 2007's change in EVA was a positive \$132.5 million, but fiscal 2008 and 2009's changes were approximately \$6.7 million and \$42.1 million, respectively. With the depressed business environment and continuing effects of the global recession during fiscal 2010, the change in EVA during that year was a negative \$178.7 million.

Fiscal 2012 EVA was calculated in accordance with the EVA program design that we established in consultation with Stern Stewart, as set forth in the following chart and more fully described below:

|  | (in thousands)      |
|--|---------------------|
| Net Operating Profit After Tax (NOPAT) | \$ 115,735          |
| Less: Charge For Capital Employed      | -255,359            |
| <b>EVA</b>                             | <b>\$ (139,624)</b> |

NOPAT for the year ended March 31, 2012 equals revenues (vessel revenues and other marine revenues):

less operating expenses (vessel operating costs, costs of other marine revenues, depreciation and amortization, general and administrative expenses as decreased by approximately \$0.2 million for an increase in the allowance for doubtful accounts,

plus our equity interest in net earnings of unconsolidated companies,

plus interest income and other, net,

plus foreign exchange gains, and

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less a charge of 21.28% for estimated income taxes on operating profit.

The charge for capital employed equals average total capital employed of \$2.8 billion multiplied by the weighted average cost of capital of 9%. Total capital employed at March 31, 2012 equals current assets plus the allowance for doubtful accounts adjusted by a decrease of \$11.0 million for deferred vessel revenue, investments

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in and advances to unconsolidated companies, net properties and equipment as decreased by approximately \$261.7 million, primarily for the effect of vessels under construction, goodwill as increased by \$35.5 million for the effect of accumulated goodwill amortization and \$22.1 million for the effect of goodwill impairment, other assets as decreased by \$7.5 million, primarily for the effect of certain deferred charges; less current liabilities decreased by \$21.1 million for certain taxes payable and certain deferred credits, deferred income taxes, accrued property and liability losses, and other liabilities and deferred credits. Average capital was further decreased by \$217.7 million for the after-tax effect of cumulative gains on sales of assets, by \$72.5 million for the cumulative after-tax effect of discontinued operations, and by \$21.0 million for the after-tax effect of a tax litigation settlement during fiscal 2010. Average capital was further increased by \$20.3 million for the after-tax effect of cumulative asset impairments, and by \$22.0 million for the after-tax effect of the proposed settlements with the SEC, the U.S. Department of Justice and the Federal Government of Nigeria related to an internal investigation recorded in fiscal 2010 and 2011. Cumulative adjustments give effect to such items beginning in fiscal 1996.

As in fiscal 2010 and 2011, none of the named executives received an award based on EVA for 2012. Fiscal 2012 EVA performance reduced the negative bonus bank balance for each named executive to the following amounts:

| Named Executive    | Bonus Bank Balance<br>at FYE 2012<br>(March 31,<br>2012)(1) |
|--------------------|---|
| Dean E. Taylor     | \$ (24,391)   |
| Jeffrey M. Platt   | (10,658)  |
| Quinn P. Fanning   | (7,897)   |
| Bruce D. Lundstrom | (10,832)  |
| Joseph M. Bennett  | (11,435)  |

(1) As noted previously, subsequent to fiscal year 2012, the bonus bank will no longer be used as we will be implementing a more traditional annual plan.

Safety (25% of target incentive opportunity). The TRIR for fiscal 2012 was 0.14, which exceeded the target level and generated a 120% of target payout for each of our named executives. The TRIR for fiscal 2012 was the second best in company history.

Individual Performance (25% of target incentive opportunity). For purposes of awarding the individual performance portion of the annual incentive award to the named executives, the compensation committee independently assessed the performance of the chief executive officer but relied on the judgment of our chief executive officer in assessing the performances of our other named executives. Each named executive received between 119% and 175% of his target individual performance award.

In the case of Mr. Taylor, the company's financial strength and ability to weather the industry downturn, the solid operations and overall safety of our fleet, the continued realization on our new vessel building and acquisition program, and the ability to attract and retain top management candidates and, in particular, assist the board of directors in identifying and developing the chief executive officer successor were important considerations in his individual performance award. Mr. Fanning's continued leadership in improving our financial profile, including the closing of an additional debt financing at attractive terms and pricing, and the sophistication of our financial analysis and planning were important factors in his award. Mr. Platt's leadership in all aspects of our operations in a challenging commercial environment, including the maintenance and creation of constructive customer relationships, and the incorporation of increasingly sophisticated new vessels into our fleet profile were instrumental to his award. In the case of Mr. Lundstrom, his ongoing work to lead and continue to further enhance our legal compliance program and the discharge of his general duties as the company's general counsel led to his award. Finally, Mr. Bennett's continued interface with the investment community in a dynamic macroeconomic environment and his other contributions to the company were considered in his award.

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**Long-term Incentive Compensation.** In the past, we have granted long-term incentive compensation in the form of annual equity grants to our named executives, generally using a multiple of each executive's base salary to determine the overall grant size. The multiple used for any particular executive reflected the nature and scope of the executive's duties. For grants made in fiscal year 2012, we generally targeted our grant values to bring our target long-term incentive compensation more in line with the median of long-term incentive compensation provided by our peer group companies. The fiscal 2012 awards to our named executives were a combination of time-based and performance-based restricted stock units, using the same approximate proportions (two-thirds time-based, one-third performance-based) used with previous grants of restricted stock. In addition, as discussed in greater detail below, we changed the performance metric applicable to the 2012 performance-based RSUs from return on invested capital to relative total stockholder return.

We believe that RSU awards provide our named executives with a significant equity ownership opportunity. Further, time-based restricted stock and/or RSUs are widely used among our competitors. In such a cyclical industry, the use of restricted stock or RSUs encourages executives to remain with our company even during periods of stock price volatility. The value of the RSUs moves in tandem with our company's stock price, and the awards are subject to forfeiture and, as noted above, vest in accordance with certain performance and continued employment requirements.

**Annual Equity Grant.** For fiscal 2012, as in previous years, two-thirds of each named executive's annual equity grant was time-based. These time-based RSUs will vest based on continued employment in three equal tranches over the next three years. The remaining one-third of each named executive's grant will vest based on the company's total stockholder return over a three-year period as measured against the total stockholder return of our peer group companies over the same period. The number of RSUs granted to each named executive represents the target award; the performance-based RSUs may vest and pay out between 0-200% of target depending upon the company's relative TSR performance, as follows:

| Performance Level | Tidewater's Percentile Rank v. Peers        | Share Payout as a % of Performance-Based RSU Award |
|-------------------|---|--|
| Maximum           | 3 <sup>rd</sup> 75 <sup>th</sup> percentile | 200%   |
| Intermediate      | 62.5 <sup>th</sup> percentile               | 150%   |
| Target            | 50 <sup>th</sup> percentile                 | 100%   |
| Threshold         | 37.5 <sup>th</sup> percentile               | 50%  |
| Below Threshold   | £ 25 <sup>th</sup> percentile               | 0%   |

The committee elected to vest the performance-based shares only after completion of a full three-year period rather than annually in order to emphasize long-term, multi-year performance and value creation. If performance falls between two different performance levels, the percentage of performance shares vesting will be interpolated. If threshold performance is not achieved, all performance-based shares will be forfeited, as was the case with the restricted stock granted in 2008. If the maximum performance level is achieved and the continued service requirements are met, then 50% of the payout to the named executives as a result of the fiscal 2012 RSU awards will be a result of company performance and 50% will be a result of continued service.

**Dividend Equivalents on RSUs.** While we pay dividend equivalents currently on the time-based RSUs, any dividend equivalents on the performance-based RSUs will accrue and be paid or forfeited in tandem with the associated RSUs, based on our relative TSR performance.

**Forfeitures of Restricted Stock.** Adherence to a pay-for-performance philosophy means that an executive's compensation will rise and fall with corporate performance. As demonstrated in the following chart, each of our named executives (with one exception) forfeited a large amount of performance-based restricted stock at the end

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of fiscal year 2012, as the cumulative EVA target of an additional \$5 million per year over the fiscal year 2008 level was not met for the last three years of the performance period (fiscal years 2009 through 2012).

| Named Executive    | Equity Awards Forfeited(1)                     |  |                                      |
|--------------------|--|--|--------------------------------------|
|                    | Shares of Restricted Stock Granted in 2008 (#) | Shares of Restricted Stock Forfeited on 5/21/2012(2) (#) | Total Dollar Value Forfeited(3) (\$) |
| Dean E. Taylor     | 19,824   | 14,868   | 680,062                              |
| Jeffrey M. Platt   | 7,484  | 5,613  | 256,739                              |
| Bruce D. Lundstrom | 7,243  | 5,432  | 248,460                              |
| Joseph M. Bennett  | 4,762  | 3,571  | 163,338                              |

- (1) This chart does not include Mr. Fanning, who joined the company in 2008 and did not receive the same annual grant of restricted stock made to the other named executives in this year. Consistent with company practice, Mr. Fanning received a grant of restricted stock upon joining the company in 2008. Unlike the performance-based restricted stock granted to the other named executives in 2008 (described in footnote 2 below), the vesting of Mr. Fanning's 2008 award accelerated based on the company's achievement of the performance metrics and was not conditioned on the achievement of the measures. As such, his 2008 award fully vested on March 5, 2012.
- (2) These shares of performance-based restricted stock were forfeited on May 21, 2012. See Outstanding Equity Awards at March 31, 2012 table for more information on these awards.
- (3) Reflects the aggregate dollar value of all shares forfeited, valued as of May 21, 2012, the date of forfeiture.

**Retirement Benefits.** Our named executives participate in employee benefit plans generally available to all employees. These broad-based plans include a Pension Plan (now frozen and closed to new participants), a qualified defined contribution Retirement Plan, and our 401(k) Plan. We have frozen the benefits under our Pension Plan for all participants effective December 31, 2010, and there will be no future benefit accruals under that plan. Future qualified retirement benefits will be provided through our Retirement Plan and our 401(k) Plan.

In addition to these broad-based programs, we provide our executives with a non-qualified deferred compensation plan, the Supplemental Savings Plan, which acts as a supplement to our 401(k) Plan, and a SERP that operates as a supplement to our Pension and Retirement Plans. Both the Supplemental Savings Plan and the SERP are designed to provide retirement benefits to our officers that they are precluded from receiving under the underlying qualified plans due to the compensation and benefit limits in the Internal Revenue Code. These plans are described in more detail in Executive Compensation 2012 Pension Benefits and Executive Compensation 2012 Non-Qualified Deferred Compensation.

In connection with freezing of our Pension Plan, the committee has been considering how to deliver its executive retirement benefits going forward. During fiscal 2010, the committee, with the assistance of its primary consultant, reviewed the SERP and the prevalence of SERPs as part of the executive compensation programs of other companies. According to data provided by the consultant, non-qualified executive retirement plans continue to be prevalent. However, the committee made the decision to close the SERP to new participants effective March 1, 2010. As noted above, one of the challenges presented by the Pension Plan and the SERP is the inconsistent year over year valuations of the benefit, which is highly sensitive to factors such as the prevailing interest rate, as was seen in fiscal 2010 when the aggregate change in pension value for Mr. Taylor was over \$3.8 million, as compared to less than \$0.7 million in fiscal 2012.

**Change of Control Agreements.** We have entered into Change of Control Agreements with our executives, including each of our named executives. We continue to offer our executives change of control benefits for several reasons. Change of control protections for our named executives and other key personnel are an important part of good corporate governance, as they alleviate individual concerns about the possible involuntary loss of



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employment and ensure that the interests of our named executives will be materially consistent with the interests of our stockholders when considering corporate transactions. In addition, we believe that these change of control protections preserve morale and productivity and encourage retention in the face of the potential disruptive impact of an actual or potential change of control of our company. Information regarding the current Change of Control Agreements, including the estimated amounts payable to each named executive, is set forth under the heading Potential Payments upon Termination or Change in Control Change in Control.

**Other Benefits.** We also provide certain limited perquisites to our named executives.

**Use of Corporate Airplane.** At the time of the acquisition of the corporate airplane, our board of directors, for security reasons, adopted a policy that required that the chief executive officer complete all air travel, both business and personal, aboard our airplane. The purposes behind this policy were to promote the safety and security of our chief executive and his family and avoid the inefficiencies of commercial travel, thus allowing our chief executive to conduct business before, during and after flights and allow him to respond more quickly to business opportunities and urgent situations. We reviewed this policy during fiscal year 2012 and beginning in fiscal year 2013, we no longer require that our chief executive officer use our airplane for personal use. Under the committee's direction, personal use of the airplane going forward will be limited.

The value of the use of the corporate airplane for personal travel by Mr. Taylor during fiscal 2012 was \$52,203, valued at the incremental cost to the company of such personal travel as required by the SEC for proxy statement disclosure purposes.

**Other Perquisites.** For fiscal 2012, the other perquisites provided to our named executives consist primarily of club dues for one country club membership for each named executive, financial planning services, lunch club memberships, a corporate apartment for Mr. Taylor, who was expected to divide his time between two different company offices, and an annual executive company-paid physical. Effective May 31, 2012, we ceased providing Mr. Taylor with a corporate apartment in Houston. We do not provide tax gross-ups on any perquisites.

### **Other Compensation and Equity Ownership Policies**

**Recovery Policy.** During fiscal 2008, the compensation committee adopted an Executive Compensation Recovery Policy under which the company may recover cash and equity incentive compensation awarded after adoption of the policy if the compensation was based on the achievement of financial results that were subsequently the subject of a restatement of our financial statements, if the executive officer engaged in intentional misconduct that caused the need for a restatement and the effect was to increase the amount of the incentive compensation.

**Stock Ownership Guidelines.** Under stock ownership guidelines first adopted by the Board in September of 2007 and most recently reevaluated by the compensation committee in fiscal 2012, our officers are required to hold the following values in the form of company stock within five years of becoming an officer:

5x salary for the chief executive officer;

3x salary for the chief operations officer, chief financial officer, and executive vice presidents; and

2x salary for all other officers.

If an officer's ownership guideline increases because of a change in title or if a new officer is added, a five-year period to achieve the incremental guideline begins in January following the year of the title change or addition as an officer. For our executives, the guidelines specify that time-based restricted stock and RSUs count as shares of company stock, but performance-based restricted stock and RSUs do not. As of the end of fiscal 2012, all executive officers were in compliance with the policy.

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**Prohibition on Hedging Transactions.** Each of our named executives is subject to our Policy Statement on Insider Trading, an internal company policy adopted by our board. In January 2011, our board approved certain changes to this policy, including a blanket prohibition on engaging in certain forms of hedging or monetization transactions, such as prepaid variable forward contracts, equity swaps, collars, and exchange funds, with respect to our securities, regardless whether those securities were received as compensation. This prohibition applies to all company insiders (including our directors and our named executives) as well as all of our other employees.

**\$1 Million Pay Deductibility Cap.** Section 162(m) of the Internal Revenue Code limits our federal income tax deductions for compensation, other than qualified performance-based compensation, to \$1 million for compensation paid to certain executive officers. Performance-based restricted stock granted by us in fiscal 2012 is designed to qualify as performance-based and to be excluded in calculating the \$1 million limit of Section 162(m). The portion of Mr. Taylor's annual bonus based upon company performance for fiscal 2012 under the Company Performance Executive Officer Annual Incentive Plan has also been structured to be fully deductible under Section 162(m) as performance-based compensation.

We intend to continue to establish executive officer compensation programs that will maximize our company's income tax deduction. However, from time to time, the committee may award compensation that is not fully tax deductible if we determine that such award is consistent with our philosophy and in the best interest of our company and our stockholders.

**Chief Executive Officer Transition Following Fiscal 2012**

On April 18, 2012, the Company announced that Mr. Taylor would be retiring from the positions of President and Chief Executive Officer, effective May 31, 2012. Mr. Taylor, who has entered into a Retirement and Non-Executive Chairman Agreement with the Company, will remain a director and serve as the board's non-executive chairman. Mr. Platt, who most recently served as our Executive Vice President and Chief Operating Officer, was appointed to succeed Mr. Taylor as President and Chief Executive Officer effective June 1, 2012.

In conjunction with Mr. Platt's promotion, the committee approved the following changes to his compensation:

an increase in base salary from \$463,500 to \$575,000;

an increase in his annual incentive plan target for fiscal year 2013 from 95% of base salary to 110% of base salary; and

additional equity awards equivalent to \$1,000,000 in value, to be delivered two-thirds in time-based restricted stock units (14,789 RSUs) and one-third in performance-based restricted stock units (7,394 RSUs) based on the closing price of the Company's common stock on May 31, 2012. These equity awards are in addition to the annual equity grants made to Mr. Platt in March 2012, resulting in an aggregate grant date value of approximately \$2.7 million for the awards in March and June of 2012.

The time-based restricted stock units will vest, based on continued service, one-third per year on the first three anniversaries of the date of grant. The performance-based restricted stock units will vest following fiscal year 2015, subject to the same terms and conditions as the performance-based restricted stock units granted to Mr. Platt in March 2012.

Mr. Taylor's retirement agreement provides for the following:

Mr. Taylor will serve as the board's non-executive chairman from June 1, 2012 to December 31, 2013;

he will remain eligible for a pro-rata annual incentive plan award for fiscal 2013, based on his two months of service during the fiscal year as an executive, with any such award to be calculated and paid at

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the same time as such awards are calculated and paid to other executives (following the end of fiscal 2013);

effective June 1, 2012, he will be eligible to participate in the non-management director compensation program plus earn an annual non-executive chairman fee of \$150,000 per year, with all such compensation to be pro-rated for partial-year service;

he will continue to vest in his unvested options, time-based restricted stock, and time-based RSUs, and any of these awards that are unvested will vest on the earlier to occur of December 31, 2013, his termination of service due to death, disability, or involuntary termination by the Company; and

he will continue to retain his unvested performance-based restricted stock and RSUs, which remain subject to their original performance vesting requirements and other terms and conditions (including vesting or payment dates), provided that he serves as non-executive Chairman through December 31, 2013 (unless his service is terminated due to death, disability, or by the Company) and complies with certain restrictive covenants through May 31, 2015; and

the Company will pay Mr. Taylor's retiree medical insurance or COBRA premiums, as applicable, through December 31, 2013, and will provide certain additional benefits, including office and secretarial support.

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**COMPENSATION COMMITTEE REPORT**

The compensation committee has reviewed and discussed with management the Compensation Discussion and Analysis contained in this proxy statement. Based upon this review and discussion, the committee recommended to the board of directors that the Compensation Discussion and Analysis be included in this proxy statement.

Compensation Committee:

Richard T. du Moulin, Chairman

James C. Day

Morris E. Foster

Joseph H. Netherland

Nicholas J. Sutton

Jack E. Thompson

**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

The current members of our compensation committee are Messrs. du Moulin, Foster, Netherland, Pattarozzi, Sutton, and Thompson. None of the members of our compensation committee has been an officer or employee of our company or any of our subsidiaries. No executive officer of our company served in the last fiscal year as a director or member of the compensation committee of another entity one of whose executive officers served as a member of our board or on our compensation committee.

**Table of Contents****EXECUTIVE COMPENSATION**

The following table summarizes, for the fiscal year ended March 31, 2012, the compensation paid to each of our named executives in all capacities in which they served.

**FISCAL 2012 SUMMARY COMPENSATION TABLE**

| Name and Principal Position                                  | Fiscal Year | Salary (\$) | Bonus(1) (\$) | Stock Awards(2) (\$) | Option Awards(3) (\$) | Non-Equity Incentive Plan Compensation(4) (\$) | Changes in Pension Value and                        | All Other Compensation(6) (\$) | Total (\$) |
|--|-------------|-------------|---------------|----------------------|-----------------------|--|---|--------------------------------|------------|
|  |             |             |               |                      |                       |  | Nonqualified Deferred Compensation Earnings(5) (\$) |                                |            |
| <b>Dean E. Taylor</b>  | 2012        | 675,000     | 297,500       | 3,605,317            |                       | 243,000  | 664,578   | 256,252                        | 5,741,647  |
| Chairman, former President and Chief Executive Officer       | 2011        | 616,390     | 259,451       | 3,351,548            |                       | 0  | 1,141,668   | 234,537                        | 5,603,594  |
|  | 2010        | 615,940     | 216,304       | 1,467,614            | 1,192,931             | 277,173  | 3,848,350   | 257,322                        | 7,875,634  |
| <b>Jeffrey M. Platt</b>                                      | 2012        | 450,000     | 126,914       | 1,724,310            |                       | 128,250  | 339,517   | 87,327                         | 2,856,318  |
| current President and Chief Executive Officer;               | 2011        | 400,625     | 129,052       | 1,530,708            |                       | 0  | 411,615   | 99,040                         | 2,571,040  |
|  | 2010        | 332,072     | 70,930        | 656,101              | 533,298               | 118,301  | 554,001   | 95,880                         | 2,360,583  |
| former Executive Vice President and Chief Operations Officer |             |             |               |                      |                       |  |   |                                |            |
| <b>Quinn P. Fanning</b>                                      | 2012        | 350,000     | 124,688       | 1,724,310            |                       | 99,750   | 77,708  | 74,415                         | 2,450,871  |
| Executive Vice President and Chief Financial Officer         | 2011        | 309,600     | 99,843        | 1,184,254            |                       | 29,583   | 60,261  | 75,269                         | 1,758,810  |
|  | 2010        | 309,000     | 66,049        | 506,864              | 411,973               | 110,081  | 70,711  | 71,006                         | 1,545,684  |
| <b>Bruce D. Lundstrom</b>                                    | 2012        | 350,000     | 145,469       | 1,387,635            |                       | 99,750   | 87,758  | 53,934                         | 2,124,546  |
| Executive Vice President, General Counsel, and Secretary     | 2011        | 321,960     | 103,806       | 1,231,259            |                       | 30,757   | 71,236  | 53,865                         | 1,812,883  |
|  | 2010        | 321,360     | 72,507        | 527,132              | 428,449               | 114,485  | 81,975  | 59,624                         | 1,605,532  |
| <b>Joseph M. Bennett(7)</b>                                  | 2012        | 266,200     | 79,028        | 1,115,432            |                       | 75,867   | 304,720   | 79,637                         | 1,920,884  |
| Executive Vice President, Chief Investor Relations Officer   |             |             |               |                      |                       |  |   |                                |            |

- (1) Represents the individual performance portion of our annual cash incentive program.
- (2) Time-based shares of restricted stock, time-based RSUs, and performance-based shares of restricted stock (which were granted in fiscal 2010 and fiscal 2011) are valued based on the aggregate grant date fair value at the closing sale price per share of our common stock on the date of grant, which, for the performance-based restricted stock, represents both the value at the grant date based upon the probable outcome of the performance conditions as well as the value on the date of grant assuming the highest level of performance will be achieved. However, the grant date fair value of our fiscal 2012 performance-based RSUs are valued based on probable outcome of the performance conditions using a Monte Carlo simulation. The maximum value of each named executive's fiscal 2012 total equity grant, measured as of the grant date, would be as follows: Mr. Taylor, \$4,326,544; Mr. Platt, \$2,069,243; Mr. Fanning, \$2,069,243; Mr. Lundstrom, \$1,665,222; and Mr. Bennett, \$1,338,571. For information regarding the assumptions made by us in valuing our restricted stock and RSU awards, please see Note 7 to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2012. Please see the Fiscal 2012 Grants of Plan-Based Awards table for more information regarding the stock awards we granted in fiscal 2012.
- (3) Although in prior years, each named executive received options as a part of his annual equity award, we have not granted options to our named executives since fiscal 2010. The amounts reported in this column reflect the aggregate grant date fair value of the options granted to the named executives in fiscal 2010, determined using the Black-Scholes option model. For information relating to the assumptions made by us in valuing the option awards made to our named executives, see Note 7 to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2012.
- (4) Represents amounts actually paid to our named executives based on company performance under our Company Performance Executive Officer Annual Incentive Plan for our chief executive officer and our Management Annual Incentive Plan for our other named executives. Although no named executive earned an annual incentive based on EVA in fiscal 2012, each named executive received an annual incentive based on our fiscal 2012 safety results.

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- (5) Consists of the change from the prior fiscal year in each named executive's pension value under our qualified Pension Plan and our non-qualified Supplemental Executive Retirement Plan. The increase in the present value of accumulated benefits between fiscal year-ends 2009 and 2010 was due in part to a significant decrease in the discount rate (7.25% as of March 31, 2009 and 5.75% as of March 31, 2010) used to determine these amounts. This discount rate, which is also used to determine the present value of the company's benefit obligations for financial reporting purposes, is based on high-quality corporate bond yields as of March 31 of each year. The discount rate as of March 31, 2012 was 5.25%.
- (6) For each named executive, this value reflects (i) matching contributions to the company's 401(k) and Supplemental Savings Plans, (ii) company contributions to the Retirement Plan, (iii) dividends paid on shares of time-based restricted stock, (iv) the total value of all perquisites received during fiscal 2012, each as set forth below:

| Name          | 401(k) Plan and Supplemental Savings Plan |                    | Retirement Plan Contributions | Dividends(8) | Perquisites(9),(10) | Total, All Other Compensation |
|---------------|---|--------------------|-------------------------------|--------------|---------------------|-------------------------------|
|               | Contributions                             | Plan Contributions |                               |              |                     |                               |
|               | (\$)                                      | (\$)               | (\$)                          | (\$)         | (\$)                | (\$)                          |
| Mr. Taylor    | 27,000                                    | 23,338             | 101,172                       | 104,742      | 256,252             |                               |
| Mr. Platt     | 18,000                                    | 7,706              | 42,108                        | 19,513       | 87,327              |                               |
| Mr. Fanning   | 14,000                                    | 7,639              | 34,934                        | 17,842       | 74,415              |                               |
| Mr. Lundstrom | 8,512                                     | 7,547              | 36,576                        | 1,299        | 54,934              |                               |
| Mr. Bennett   | 8,315                                     | 22,195             | 28,540                        | 20,587       | 79,637              |                               |

Each named executive's fiscal 2012 Perquisites figure is comprised of the following: parking; club memberships; company-paid executive physical program; financial planning and income tax preparation (for fiscal 2012, this perquisite totaled \$20,166 for Mr. Taylor, \$12,974 for Mr. Platt, \$12,581 for Mr. Fanning, and \$12,393 for Mr. Bennett); for Mr. Taylor, a corporate apartment in Houston (see footnote 9); and, for each of Messrs. Taylor and Platt, his personal use of our corporate aircraft (see footnote 10). We do not reimburse any executive for tax liability incurred in connection with any perquisite.

- (7) Mr. Bennett was not a named executive for fiscal 2010 or fiscal 2011; therefore, data is not provided for those years.
- (8) We pay dividends (or, in the case of restricted stock units, dividend equivalents) currently to each named executive for (i) all shares of time-based restricted stock and restricted stock units and (ii) the shares of performance-based restricted stock granted prior to fiscal 2010. For the performance-based grants of restricted stock and restricted stock units made since fiscal 2010, any dividends (or dividend equivalents) accrue and will be paid out or forfeited in tandem with the associated award.
- (9) As Mr. Taylor was required to divide his time between our New Orleans and Houston offices during 2012, we covered the cost of maintaining a corporate apartment for him in Houston. We value this perquisite by subtracting from the actual annual cost of the apartment the estimated amount saved on hotel room expenses for the number of nights the executive spent in Houston.
- (10) During fiscal 2012, our board of directors, for security reasons, required that Mr. Taylor, as president and chief executive officer, complete all domestic and select international air travel, whether business or personal, aboard the company's airplane. In addition, other executives have been permitted, in certain circumstances, to use the company's airplane for personal use and to have spouses or other family members accompany them on the airplane. The All Other Compensation figures for each of Messrs. Taylor and Platt include the company's aggregate incremental cost of providing these benefits. In fiscal 2012, the aggregate incremental cost to the company to provide Mr. Taylor with these benefits was \$52,203, calculated by multiplying the number of hours of personal use by the hourly cost to operate the airplane, adding in incidental expenses.

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The following table presents additional information regarding restricted stock and option awards, as well as non-equity incentive plan awards granted to our named executives during the fiscal year ended March 31, 2012.

**FISCAL 2012 GRANTS OF PLAN-BASED AWARDS**

| Name and Type of Grant      | Grant Date | Estimated Possible Payouts Under Non-Equity Incentive Plan Awards |              | Estimated Future Payouts Under Equity Incentive Plan Awards(4) |            |             | All Other Stock Awards: Number of Shares of Stock(5)(#) | Grant Date Fair Value of Stock Awards(6) (\$) |
|-----------------------------|------------|---|--------------|--|------------|-------------|---|---|
|                             |            | Target (\$)   | Maximum (\$) | Threshold (#)  | Target (#) | Maximum (#) |   |   |
| <b>Dean E. Taylor</b>       |            |   |              |  |            |             |   |   |
| Annual Cash Incentive:      |            |   |              |  |            |             |   |   |
| Company Performance         |            | 607,500   | 3,000,000(1) |  |            |             |   |   |
| Individual Performance      |            | 202,500   | 303,750(2)   |  |            |             |   |   |
| Time-Based RSU Grant        | 3/14/2012  |   |              |  |            |             | 39,931  | 2,163,462                                     |
| Performance-Based RSU Grant | 3/14/2012  |   |              | 9,981  | 19,962     | 39,924      |   | 1,441,855                                     |
| <b>Jeffrey M. Platt</b>     |            |   |              |  |            |             |   |   |
| Annual Cash Incentive       |            | 427,500   | 1,496,250(3) |  |            |             |   |   |
| Time-Based RSU Grant        | 3/14/2012  |   |              |  |            |             | 19,098  | 1,034,730                                     |
| Performance-Based RSU Grant | 3/14/2012  |   |              | 4,773  | 9,547      | 19,094      |   | 689,580                                       |
| <b>Quinn P. Fanning</b>     |            |   |              |  |            |             |   |   |
| Annual Cash Incentive       |            | 332,500   | 1,163,750(3) |  |            |             |   |   |
| Time-Based RSU Grant        | 3/14/2012  |   |              |  |            |             | 19,098  | 1,034,730                                     |
| Performance-Based RSU Grant | 3/14/2012  |   |              | 4,773  | 9,547      | 19,094      |   | 689,580                                       |
| <b>Bruce D. Lundstrom</b>   |            |   |              |  |            |             |   |   |
| Annual Cash Incentive       |            | 332,500   | 1,163,750(3) |  |            |             |   |   |
| Time-Based RSU Grant        | 3/14/2012  |   |              |  |            |             | 15,369  | 832,692                                       |
| Performance-Based RSU Grant | 3/14/2012  |   |              | 3,841  | 7,683      | 15,366      |   | 554,943                                       |
| <b>Joseph M. Bennett</b>    |            |   |              |  |            |             |   |   |
| Annual Cash Incentive       |            | 252,890   | 885,115(3)   |  |            |             |   |   |
| Time-Based RSU Grant        | 3/14/2012  |   |              |  |            |             | 12,354  | 669,340                                       |
| Performance-Based RSU Grant | 3/14/2012  |   |              | 3,088  | 6,176      | 12,352      |   | 446,092                                       |

- (1) As chief executive officer during fiscal 2012, Mr. Taylor was eligible to receive a cash bonus under our Company Performance Executive Officer Annual Incentive Plan based on the company's achievement of annual performance goals. The amount actually paid to him for fiscal 2012 pursuant to this program is reflected in the Fiscal 2012 Summary Compensation Table under the heading Non-Equity Incentive Plan Compensation. The Company Performance Executive Officer Annual Incentive Plan provides for a maximum award amount of \$3 million.
- (2) As chief executive officer during fiscal 2012, Mr. Taylor was also eligible to receive a cash bonus under our Individual Performance Executive Officer Annual Incentive Plan based on his individual performance during fiscal year 2012. The amount actually paid to him for fiscal 2012 is included in the Bonus column of the Fiscal 2012 Summary Compensation Table. The Individual Performance Executive Officer Annual Incentive Plan provides for a maximum award of 150% of target.
- (3) Our named executives, other than Mr. Taylor, were eligible to receive a cash bonus under our Management Annual Incentive Plan based on the achievement of annual corporate performance goals and individual performance. The amounts actually paid to the named executives for fiscal 2012 pursuant to this program are reflected in the Bonus and Non-Equity Incentive Plan Award columns of the Fiscal 2012 Summary Compensation Table herein. The Management Annual Incentive Plan does not establish an overall maximum incentive award, although any award earned on the basis of company EVA performance is capped at five times the target, any award earned on the basis of safety is capped at 150% of target, and any award based on individual performance is capped at 200% of target.

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- (4) Consists of performance-based RSUs payable in shares of common stock at the end of a three-year performance period. The RSUs will vest and pay out following fiscal 2015 upon the committee's certification, no later than May 31, 2015, of the company's TSR as measured against that of its peer group for the three-year period from April 1, 2012 to March 31, 2015. The RSU grant and the target column above represent the target award (performance at the 50<sup>th</sup> percentile); however, payout may range between 0%-200% of target. At the threshold performance level (the 37.5<sup>th</sup> percentile), participants receive 50% of the target award, but if the company's TSR is equal to or falls below the 25<sup>th</sup> percentile, all performance-based RSUs will be cancelled. If the company's performance is equal to or surpasses the 75<sup>th</sup> percentile, participants will earn the maximum 200%. Payout will be pro-rated for results that fall between any two performance levels.
- (5) Consists of time-based RSUs, which vest and pay out in shares of common stock one-third per year on the first, second, and third anniversaries of the date of grant.
- (6) Time-based and performance-based RSUs are valued based on the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. For the maximum value of each named executive's fiscal 2012 total equity grant, measured as of the grant date, see footnote 2 to the Summary Compensation Table.

**Salary.** Salaries paid to our named executives are set forth in the Fiscal 2012 Summary Compensation Table. For fiscal 2012, salaries paid to our named executives accounted for the following percentages of their total annual compensation (not including changes in pension value and nonqualified deferred compensation earnings): Mr. Taylor, 13.13%; Mr. Platt, 17.88%; Mr. Fanning, 14.74%; Mr. Lundstrom, 17.18%; and Mr. Bennett, 16.25%.

**Bonus and Non-equity Incentive Plan Compensation.** The bonus and non-equity incentive plan compensation set forth in the tables above reflects annual cash incentive compensation under our Management Annual Incentive Plan, our Company Performance Executive Officer Annual Incentive Plan, and our Individual Performance Executive Officer Annual Incentive Plan, as applicable. The annual cash incentive compensation is earned based upon EVA, safety performance, and individual performance. The amounts actually earned by each of our named executives are reflected in the Fiscal 2012 Summary Compensation Table, while the Fiscal 2012 Grants of Plan-Based Awards table reports the range of possible outcomes under the plans. The performance goals are discussed in greater detail under the heading Compensation Discussion and Analysis Annual Cash Incentive Compensation.

**Restricted Stock Units.** Each year, we provide long-term equity incentives to our executives. In fiscal 2012, these equity incentives consisted of restricted stock units payable in shares of common stock, some of which vest based upon continued service and some of which are subject to both time- and performance-based criteria (the company's TSR performance over a three-year period relative to a defined peer group). The payout of shares upon vesting of the performance-based RSUs may range between 0-200% of the target award, with all RSUs forfeited if our relative TSR falls in the 25<sup>th</sup> percentile or lower. Upon certain terminations (death, disability, and, if specifically approved by the committee, retirement on or after age 62), the time-vested RSUs will vest and pay out in shares of common stock as of the date of termination and the executive will be permitted to continue to hold a pro-rata portion of his performance-based RSUs as of the date of termination, to be paid at the end of the performance period based on the level of achievement of the performance metric; however, if the executive's employment terminates for any other reason, all unvested RSUs will be forfeited as of the date of termination.

During the vesting period, the executives have no ownership rights in the shares of common stock underlying the RSUs. However, we do pay dividend equivalents currently on the time-based RSUs, and the executives accrue dividend equivalents on the performance-based RSUs, which will be paid out or forfeited in tandem with the associated awards. During fiscal 2012, the quarterly dividend rate was \$0.25 per share.

**Employment Agreements.** None of the named executives has a written employment agreement with the company.



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The following table illustrates the outstanding equity awards held by our named executives as of March 31, 2012.

**OUTSTANDING EQUITY AWARDS AT MARCH 31, 2012**

| Name               | Option Awards                             |                          |                            |                        | Stock Awards                      |                      |  |                                |
|--------------------|---|--------------------------|----------------------------|------------------------|-----------------------------------|----------------------|--|--------------------------------|
|                    | Securities Underlying Unexercised Options |                          | Option Exercise Price (\$) | Option Expiration Date | Stock Awards that Have Not Vested |                      | Equity Incentive Plan Awards that Have Not Vested    |                                |
|                    | Number Exercisable (#)                    | Number Unexercisable (#) |                            |                        | Number of Shares or Units (#)     | Market Value(1) (\$) | Number of Unearned Shares, Units or Other Rights (#) | Market or Payout Value(1) (\$) |
| Dean E. Taylor     | 55,000                                    |                          | 27.92                      | 3/12/2013              | 49,668(2)                         | 2,683,065            | 58,840(4)  | 3,178,537                      |
|                    | 42,500                                    |                          | 28.05                      | 3/30/2014              | 39,931(3)                         | 2,157,073            | 19,962(5)  | 1,078,347                      |
|                    | 20,000                                    |                          | 37.55                      | 3/30/2015              |                                   |                      |  |                                |
|                    | 55,000                                    |                          | 55.76                      | 3/29/2016              |                                   |                      |  |                                |
|                    | 20,000                                    |                          | 57.65                      | 3/21/2017              |                                   |                      |  |                                |
|                    | 61,617                                    |                          | 56.71                      | 3/5/2018               |                                   |                      |  |                                |
|                    | 92,178                                    |                          | 33.83                      | 3/4/2019               |                                   |                      |  |                                |
| Jeffrey M. Platt   | 53,483                                    | 26,741(6)                | 45.75                      | 3/3/2020               |                                   |                      |  |                                |
|                    | 13,000                                    |                          | 55.76                      | 3/29/2016              | 21,906(2)                         | 1,183,363            | 23,896(4)  | 1,290,862                      |
|                    | 6,500                                     |                          | 57.65                      | 3/21/2017              | 19,098(3)                         | 1,031,674            | 9,547(5)   | 515,729                        |
|                    | 23,263                                    |                          | 56.71                      | 3/5/2018               |                                   |                      |  |                                |
|                    | 33,388                                    |                          | 33.83                      | 3/4/2019               |                                   |                      |  |                                |
| Quinn P. Fanning   | 23,910                                    | 11,954(6)                | 45.75                      | 3/3/2020               |                                   |                      |  |                                |
|                    | 20,652                                    |                          | 61.82                      | 7/30/2018              | 17,402(2)                         | 940,057              | 15,060(4)  | 813,541                        |
|                    | 20,718                                    |                          | 33.83                      | 3/4/2019               | 19,098(3)                         | 1,031,674            | 9,547(5)   | 515,729                        |
| Bruce D. Lundstrom | 18,470                                    | 9,235(6)                 | 45.75                      | 3/3/2020               |                                   |                      |  |                                |
|                    | 5,333                                     |                          | 65.69                      | 9/24/2017              | 18,095(2)                         | 977,492              | 21,092(4)  | 1,139,390                      |
|                    | 22,513                                    |                          | 56.71                      | 3/5/2018               | 15,369(3)                         | 830,233              | 7,683(5)   | 415,036                        |
|                    | 10,773                                    |                          | 33.83                      | 3/4/2019               |                                   |                      |  |                                |
| Joseph M. Bennett  | 19,209                                    | 9,604(6)                 | 45.75                      | 3/3/2020               |                                   |                      |  |                                |
|                    | 16,000                                    |                          | 55.76                      | 3/29/2016              | 14,509(2)                         | 783,776              | 16,124(4)  | 871,019                        |
|                    | 5,333                                     |                          | 57.65                      | 3/21/2017              | 12,354(3)                         | 667,363              | 6,176(5)   | 333,628                        |
|                    | 12,739                                    |                          | 56.71                      | 3/5/2018               |                                   |                      |  |                                |
|                    | 25,898                                    |                          | 33.83                      | 3/4/2019               |                                   |                      |  |                                |
|                    | 15,392                                    | 7,696(6)                 | 45.75                      | 3/3/2020               |                                   |                      |  |                                |

- (1) The market value of all reported stock awards is based on the closing price of our common stock on the last trading day of fiscal 2012, March 30, 2012, as reported on the NYSE (\$54.02).
- (2) Represents shares of time-based restricted stock held by our named executives, which vest as follows:

| Name        | Shares of Time-Based Restricted Stock by Vesting Date |            |             |            |             |             | Total Unvested Shares |
|-------------|---|------------|-------------|------------|-------------|-------------|-----------------------|
|             | 3/3/13 (#)  | 3/4/13 (#) | 3/16/13 (#) | 3/4/14 (#) | 3/16/14 (#) | 3/16/15 (#) |                       |
| Mr. Taylor  | 5,346   | 8,124      | 10,284      | 5,346      | 10,284      | 10,284      | 49,668                |
| Mr. Platt   | 2,390   | 2,932      | 4,732       | 2,390      | 4,731       | 4,731       | 21,906                |
| Mr. Fanning | 1,846   | 2,728      | 3,661       | 1,846      | 3,661       | 3,660       | 17,402                |

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|                      |       |       |       |       |       |       |        |
|----------------------|-------|-------|-------|-------|-------|-------|--------|
| <b>Mr. Lundstrom</b> | 1,920 | 2,837 | 3,806 | 1,920 | 3,806 | 3,806 | 18,095 |
| <b>Mr. Bennett</b>   | 1,539 | 2,273 | 3,053 | 1,538 | 3,053 | 3,053 | 14,509 |

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- (3) Represents time-based RSUs that will vest and pay out in shares of common stock in three equal installments on March 14 of 2013, 2014, and 2015.
- (4) Represents shares of performance-based restricted stock granted held by our named executives. Vesting of the 2008 grants will depend upon the achievement of EVA targets as established for our annual incentive plan, while the 2009, 2010, and 2011 grants will vest on the basis of percentage improvements in return on capital employed ( ROCE ), as measured by the simple average of the previous four fiscal years ( SAROCE ). These performance-based shares will vest as follows:

| Grant Date | Vesting Date and Conditions  | Shares of Unvested Performance-Based Stock by Vesting Date and Conditions |               |                 |                   |                 |
|------------|--|---|---------------|-----------------|-------------------|-----------------|
|            |  | Mr. Taylor (#)  | Mr. Platt (#) | Mr. Fanning (#) | Mr. Lundstrom (#) | Mr. Bennett (#) |
| 3/5/2008   | These shares were scheduled vest on the later of <u>5/1/2012</u> or the date on which the company files its annual report on Form 10-K for fiscal 2012 if the cumulative EVA target of an additional \$5 million per year over the fiscal 2008 level is met each year through fiscal 2012. | 14,868  | 5,613         |                 | 5,432             | 3,571           |
|            | However, the performance metric was not met, and therefore all of these shares were forfeited as of 5/21/2012.   |   |               |                 |                   |                 |
| 3/5/2009   | This is the maximum number of shares that will vest on <u>5/1/2013</u> if SAROCE is greater than 10% (fiscal years 2010, 2011, 2012, and 2013).  | 16,249  | 5,864         | 5,457           | 5,675             | 4,547           |
|            | If SAROCE is 10% or less, all shares will be cancelled. For each 1% realized in excess of 10% SAROCE, 20% of these shares will vest, up to a full vesting of all shares at SAROCE of 15% or greater. Proration applies to SAROCE that falls between 10% and 15%.                           |   |               |                 |                   |                 |
| 3/3/2010   | This is the maximum number of shares that will vest on <u>5/1/2014</u> if SAROCE is greater than 10% (fiscal years 2011, 2012, 2013, and 2014).  | 10,693  | 4,780         | 3,693           | 3,841             | 3,077           |
|            | If SAROCE is 10% or less, all shares will be cancelled. For each 1% realized in excess of 10% SAROCE, 20% of these shares will vest, up to a full vesting of all shares at SAROCE of 15% or greater. Proration applies to SAROCE that falls between 10% and 15%.                           |   |               |                 |                   |                 |

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| Grant Date  | Vesting Date and Conditions   | Shares of Unvested Performance-Based Stock by Vesting Date and Conditions |                  |                    |                      |                    |
|---|---|---|------------------|--------------------|----------------------|--------------------|
|   |   | Mr. Taylor<br>(#)   | Mr. Platt<br>(#) | Mr. Fanning<br>(#) | Mr. Lundstrom<br>(#) | Mr. Bennett<br>(#) |
| 3/16/2011   | These shares will vest on <u>5/1/2015</u> if SAROCE is equal to or greater than 9% (fiscal years 2012, 2013, 2014, and 2015). | 17,030  | 7,639            | 5,910              | 6,144                | 4,929              |
|   | If SAROCE is less than 9%, all shares will be cancelled.  |   |                  |                    |                      |                    |
| <b>Total Shares of Unvested Performance-Based Stock</b> |   | 58,840  | 15,060           | 23,896             | 21,092               | 16,124             |

- (5) Represents performance-based RSUs that will vest and pay out in shares of common stock based on a three-year relative performance metric. These RSUs, which represent the target award, will vest and pay out between 0-200% of target on the committee's certification, no later than May 31, 2015, of the company's TSR rank relative to a defined peer group for the three-year period from April 1, 2012 to March 31, 2015. For more information, please see Fiscal 2012 Grants of Plan-Based Awards.
- (6) These options will vest on March 3, 2013.

**Table of Contents****FISCAL 2012 OPTION EXERCISES AND STOCK VESTED**

The following table sets forth information regarding the number and value of stock options exercised and restricted stock that vested during fiscal 2012 for each of our named executives.

| Name               | Option Awards                             |                                   | Stock Awards                            |                                  |
|--------------------|---|-----------------------------------|---|----------------------------------|
|                    | Number of Shares Acquired on Exercise (#) | Value Realized on Exercise(1)(\$) | Number of Shares Acquired on Vesting(#) | Value Realized on Vesting(2)(\$) |
| Dean E. Taylor     | 82,518                                    | \$ 1,697,498                      | 23,755                                  | \$ 1,382,877                     |
| Jeffrey M. Platt   |   |                                   | 10,055                                  | 583,705                          |
| Quinn P. Fanning   |   |                                   | 13,219                                  | 778,718                          |
| Bruce D. Lundstrom |   |                                   | 8,563                                   | 498,062                          |
| Joseph M. Bennett  |   |                                   | 6,866                                   | 399,351                          |

- (1) The value realized on the exercise of stock options is based on the difference between the exercise price and the market price (used for tax purposes) of our common stock on the date of exercise.
- (2) The value realized upon the vesting of restricted stock is based on the closing price of our common stock on the date of vesting (or, if our common stock did not trade that day, then the previous day's closing price).

**Table of Contents****FISCAL 2012 PENSION BENEFITS**

The following table sets forth information relating to our Pension Plan and our Supplemental Executive Retirement Plan.

| Name               | Plan Name    | Number of years<br>of Credited<br>Service | Present Value of<br>Accumulated<br>Benefits(1)(\$) | Payments during<br>Last Fiscal Year (\$) |
|--------------------|--------------|---|--|--|
| Dean E. Taylor     | Pension Plan | 33.8                                      | 1,857,487  |  |
|                    | SERP         | 33.8                                      | 12,286,907   |  |
| Jeffrey M. Platt   | SERP         | 15.5                                      | 1,883,930  |  |
| Quinn P. Fanning   | SERP         | 3.7                                       | 208,680  |  |
| Bruce D. Lundstrom | SERP         | 4.5                                       | 269,050  |  |
| Joseph M. Bennett  | Pension Plan | 22.0                                      | 699,724  |  |
|                    | SERP         | 22.0                                      | 1,377,494  |  |

- (1) Benefits are assumed to commence at the earliest unreduced retirement age of 62 as a single life annuity, with pay and service as of March 31, 2012. A discussion of the other assumptions used in calculating the present value of accumulated benefits is set forth in Note 5 to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2012.

We sponsor a defined benefit pension plan ( Pension Plan ) and a Supplemental Executive Retirement Plan ( SERP ) covering eligible employees of our company and participating subsidiaries. To be eligible to participate in the SERP, an employee must be a participant in the Pension Plan or the Tidewater Retirement Plan ( Retirement Plan ), which is a defined contribution plan, and the employee must serve as the chief executive officer, the president, chief operating officer, a vice president, or the corporate controller of the company or a participating subsidiary. The SERP provides certain benefits to our officers that the Pension Plan or Retirement Plan is prevented from providing because of compensation and benefit limits in the Internal Revenue Code. The Pension Plan and the SERP are referred to together as the Pension Program.

An executive officer's benefits under the Pension Program are based on his highest average of 5 consecutive calendar years of gross pay over the last 10 years ( final average pay ) prior to his retirement. Upon normal retirement at age 65, an officer participating in the Pension Program receives a monthly benefit equal to the sum of (i) 2% of the portion of final average pay that exceeds Social Security covered compensation, times years of service up to a maximum of 35, plus (ii) 1.35% of the portion of final average pay that does not exceed Social Security covered compensation, times years of service up to a maximum of 35, plus (iii) 1% of final average pay times years of service in excess of 35 years. A retired executive officer can elect to receive his Pension Plan benefit under a normal form of annuity or in an optional annuity form, including an option to receive a life annuity with a guaranteed number of monthly payments. Under the SERP, executive officers were given the opportunity prior to the end of 2008 to elect a lump sum payout upon retirement reduced to reflect the present value of monthly payments. Executive officers who became eligible for participation in the SERP after the end of 2008 but before it was closed to new participants in 2010 were given the opportunity to elect the time and form of payment within the first 30 days of becoming eligible. SERP benefits become fully vested and are paid out in a lump sum upon a change of control of our company.

Early retirement benefits are available upon retirement after attaining age 55 and completing 10 years of service. There is no reduction for benefits that begin at age 62 or later. For retired employees electing commencement between age 55 and 62, the reduction is 5% per year for each year prior to age 62. As of March 31, 2012, Messrs. Taylor and Bennett were each eligible for early retirement. An executive officer may select a life annuity or an equivalent optional form of settlement. However, SERP benefits are paid in a lump sum upon a change of control.

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Employees who have completed five years of service are 100% vested in their Pension Program benefits. Messrs. Taylor and Bennett have 34 and 22 years of service as of March 31, 2012, respectively, under the company's Pension Program.

However, Messrs. Platt, Fanning, and Lundstrom are not eligible to participate in the Pension Plan because they were hired after January 1, 1996. Employees who were hired after that date participate in the Tidewater Retirement Plan, which is a defined contribution plan. Thus, Messrs. Platt, Fanning, and Lundstrom, when eligible, will receive a SERP benefit equal to the actuarial equivalent of the excess of (i) the benefit which could have been payable as a monthly single life annuity under the Pension Program, described above, if they had been eligible to participate in the Pension Plan less (ii) a hypothetical Retirement Plan benefit based upon a monthly single life annuity. The hypothetical Retirement Plan benefit is each of Messrs. Platt's, Fanning's, and Lundstrom's actual Retirement Plan account balance as of the date he became an officer with increases based upon certain assumptions including an annual contribution of 3% of eligible compensation and interest at 6%, compounded annually.

Effective December 31, 2010, no further benefits will be accrued under the Pension Plan and benefits will instead be earned under the Retirement Plan. In addition, the SERP has been closed to new participants effective March 4, 2010, although SERP benefits will continue to accrue for existing participants.

**Table of Contents****FISCAL 2012 NON-QUALIFIED DEFERRED COMPENSATION**

The following table summarizes the compensation our named executives have deferred under our Supplemental Savings Plan.

| Name               | Executive Contributions in Last FY(1) (\$) | Registrant Contributions in Last FY(2) (\$) | Aggregate Earnings in Last FY (\$) | Aggregate Withdrawals/ Distributions (\$) | Aggregate Balance at 3/31/12(3)(\$) |
|--------------------|--|---|------------------------------------|---|-------------------------------------|
| Dean E. Taylor     | 36,355                                     | 18,177                                      | 172,055                            |   | 2,853,784                           |
| Jeffrey M. Platt   | 78,750                                     | 15,750                                      | 16,363                             |   | 1,225,440                           |
| Quinn P. Fanning   | 10,728                                     | 5,364                                       | 104                                | 52,224                                    | 25,752                              |
| Bruce D. Lundstrom |  |   |                                    |   |                                     |
| Joseph M. Bennett  |  |   |                                    |   |                                     |

- (1) All amounts reported in this column are also included in the fiscal 2012 row of the column entitled Salary in the Fiscal 2012 Summary Compensation Table.
- (2) All amounts reported in this column are also included in the fiscal 2012 row of the column entitled All Other Compensation in the Fiscal 2012 Summary Compensation Table.
- (3) Of the amounts reported in this column, the following aggregate amounts were included in the Fiscal 2012 Summary Compensation Table for fiscal years ended 2010, 2011, and 2012: Mr. Taylor, \$151,843; Mr. Platt, \$284,894; and Mr. Fanning, \$61,023.

Our Supplemental Savings Plan allows certain officers and other designated participants who earn over the qualified 401(k) plan limits to participate in the Supplemental Savings Plan and to receive company contributions. A participant is permitted to contribute an aggregate of between 2% and 75% of base salary to the 401(k) plan and the Supplemental Savings Plan. In addition, a participant may defer up to 100% (in 25% increments) of his bonus compensation. The company makes a 50% matching contribution of up to 8% of salary contributed to the 401(k) plan and the Supplemental Savings Plan. The participant's contribution and the company's matching contribution are invested as instructed by the participant in one or more investment funds offered through the Supplemental Savings Plan for fiscal 2012. The annual rate of return for these funds for fiscal 2012 was as follows:

| Fund   | One Year Total Return |
|--|-----------------------|
| AMERICAN EUROPACIFIC GROWTH FUND (CLASS R SHARES)      | (5.98)%               |
| BLACKROCK EQUITY DIVIDEND FUND (CLASS I)               | 7.33%                 |
| BLACKROCK S & P 500 INDEX FUND (CLASS I SHARES)        | 8.19%                 |
| FIDELITY ADVISOR SMALL CAP FUND (CLASS A SHARES)       | (2.66)%               |
| FRANKLIN MUTUAL GLOBAL DISCOVERY FUND (CLASS Z SHARES) | .82%                  |
| LORD ABBETT SMALL CAP VALUE FUND (CLASS I SHARES)      | (1.63)%               |
| MFS TOTAL RETURN FUND (CLASS R4)                       | 5.82%                 |
| JP MORGAN GOVERNMENT BOND SELECT FUND (CLASS SELECT)   | 9.81%                 |
| MUNDER MIDCAP CORE GROWTH FUND (CLASS Y SHARES)        | 4.66%                 |
| PERKINS MID CAP VALUE FUND (CLASS I SHARES)            | 1.15%                 |
| PIMCO TOTAL RETURN FUND (CLASS I SHARES)               | 5.99%                 |
| T ROWE PRICE NEW AMERICAN GROWTH FUND                  | 5.49%                 |
| MERRILL LYNCH READY ASSETS PRIME MONEY FUND            | 0.00%                 |

The Supplemental Savings Plan is unfunded, but the company has established a rabbi trust to set aside funds for the payment of benefits. The amounts deposited in this trust are subject to the claims of the company's creditors. Benefits are generally paid out following termination of employment, and a participant can elect to have distributions made in approximately equal annual installments over a period not to exceed ten years or in a lump sum. The benefit will be paid in a lump sum upon a change of control of the company.



**Table of Contents****POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL**

The following information and table set forth the amount of payments to each of our named executives in the event of a termination of employment as a result of a voluntary termination, normal and early retirement, death, disability, termination with or without cause, and termination following a change in control. The table also sets forth the amount of payments to each of our named executives in the event of a change of control without a termination of employment.

We do not have employment agreements with any of our executives. We do have change of control agreements with each of our named executives that provide for payments and benefits in the event of a termination of employment following a change of control of the company. The change of control agreements are described in detail below.

***Assumptions and General Principles.*** The following assumptions and general principles apply with respect to the following table and any termination of employment of a named executive.

The amounts shown in the table assume that the date of termination of employment of each named executive was March 31, 2012. Accordingly, the table reflects amounts payable to our named executives as of March 31, 2012 and includes estimates of amounts that would be paid to the named executive upon the occurrence of a termination or change in control. The actual amounts that would be paid to a named executive can only be determined at the time of the termination or change in control.

If a named executive is employed on March 31 of a given year, that executive will generally be entitled to receive an annual cash bonus for that year pursuant to our Management Annual Incentive Plan or Executive Officer Annual Incentive Plans, as applicable. Even if a named executive resigns or is terminated with cause at the end of the fiscal year, the executive may receive an incentive bonus, because the executive had been employed for the entire fiscal year. This payment is not a severance or termination payment, but is a payment for services provided over the course of the year and is not included in the table. The officer would not receive a pro rata bonus payment under these circumstances if employment terminated prior to the end of the year.

A named executive may exercise any stock options that are vested and exercisable prior to the date of termination and is entitled to receive unrestricted shares of common stock with respect to any restricted stock and RSU awards that vested prior to the date of termination. In addition, the vesting of options, restricted stock, and time-vested RSUs is accelerated upon a change of control of our company, and the vesting of restricted stock and time-vested RSUs is accelerated upon death or disability. The value of these accelerated awards is reflected in the table, as well as the value of vested unexercised options.

A named executive will be entitled to receive all amounts accrued and vested under our retirement and savings programs including any pension plans and deferred compensation plans in which the named executive participates. These amounts will be determined and paid in accordance with the applicable plan, and benefits payable under the non-qualified plans in which the named executives participate are also reflected in the table. Qualified retirement plan benefits payable under our Pension Plan, Retirement Plan, and 401(k) Plan are not included.

***Normal and Early Retirement and Termination Without Cause.*** A named executive is eligible to elect normal retirement at age 65 and early retirement after attaining age 55 and completing 10 years of service. Upon normal retirement at age 65 or later and after completing at least five years of service, or upon early retirement at age 55 or later and after completing at least ten years of service or upon termination of the named executive's employment by the company without cause, a named executive may receive benefits under the Management Annual Incentive Plan or Executive Officer Annual Incentive Plans, as applicable. The compensation committee may determine to pay any positive balance in the named executive's bonus bank, and a pro rata bonus for the fiscal year in which termination occurs based upon the performance criteria in effect for such year and the percentage of salary applicable to such named executive's bonus, but applied to the actual salary amount paid to the named executive for the portion of the year that the participant was employed.

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**Death and Disability.** Upon death or disability, a named executive, or his estate, as the case may be, will receive any positive balance in the named executive's bonus bank under the Management Annual Incentive Plan or Executive Officer Annual Incentive Plans, as applicable, and a pro rata bonus for the fiscal year in which termination occurs based upon the performance criteria in effect for such year and the percentage of salary applicable to such named executive's bonus, but applied to the actual salary amount paid to the named executive for the portion of the year that the participant was employed. Upon death or termination due to disability, all shares of restricted stock will immediately vest and become unrestricted, and all time-based RSUs will vest and pay out in an equivalent number of shares of common stock. Each named executive (or his estate, if applicable) will be permitted to retain a pro-rated number of performance-based RSUs that will then pay out as scheduled at the end of the performance period to the extent the performance metric is met for the whole period. The amounts set forth in the table for restricted stock and RSUs reflect the number of shares of restricted stock for which the vesting would accelerate, or the number of shares that would be received upon the vesting and payout of RSUs, multiplied by the closing price of our common stock on March 31, 2012.

**Voluntary Termination and Termination for Cause.** A named executive is not generally entitled to receive any additional forms of severance payments or benefits upon his voluntary decision to terminate employment with the company prior to being eligible for retirement or upon termination for cause. Any named executive who voluntarily terminates his employment with the company or is terminated by the company for cause would forfeit his bonus bank balance and would not receive a pro rata bonus, unless otherwise determined by the compensation committee. The compensation committee has not in the past determined to make payments under these circumstances and, accordingly, no bonus amounts are included in the Estimated Payments on Termination or Change in Control for a voluntary termination or a termination for cause.

**Change of Control.** Upon the occurrence of a change of control, as generally defined below, all outstanding stock options will immediately vest and become exercisable, all shares of restricted stock will immediately vest and become unrestricted, and all time-based RSUs will vest and pay out in an equivalent number of shares of common stock. Named executives would be permitted to continue to hold their performance-based RSUs, which would vest and pay out as scheduled at the end of the performance period to the extent the performance metric is met. Amounts reflected for stock options in the table below reflect the difference, if any, between the closing price of our common stock on March 31, 2012 and the exercise price for each option for which vesting would accelerate. The amounts set forth in the table for restricted stock and RSUs reflect the number of shares of restricted stock for which the vesting would accelerate, or the number of shares that would be received upon the vesting and payout of RSUs, multiplied by the closing price of our common stock on March 31, 2012.

We have entered into change of control agreements with each of our named executives. Each named executive's agreement renews annually on January 1, unless the compensation committee gives notice to the executive no later than March 31 of the previous year that the agreement will not be renewed. Generally, pursuant to these agreements, a change of control occurs:

(a) upon the acquisition by any person or entity of beneficial ownership of 30% or more of the outstanding shares of the company's common stock, or 30% or more of the combined voting power of the company's then outstanding securities (other than (i) acquisitions of common stock directly from the company, (ii) acquisitions of common stock by the company or its subsidiaries, (iii) any acquisition of common stock by any employee benefit plan (or related trust) sponsored or maintained by the company or any corporation controlled by the company, or (iv) any acquisition of common stock by any corporation in connection with a business transaction as proscribed in the agreement);

(b) if a majority of the company's incumbent board of directors are replaced except in specific circumstances;

(c) upon the consummation of a reorganization, merger or consolidation (including a merger or consolidation of the company or any direct or indirect subsidiary of the company), or sale or other disposition of all or substantially all of the assets of the company (a Business Combination), in each case, unless, immediately following such Business Combination, (i) the voting securities of the company immediately prior to the Business Combination represent more than 50% of the combined voting power of the then-outstanding voting securities of the entity resulting from the transaction, (ii) except to the extent that such ownership existed prior to

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the Business Combination, no person beneficially owns, directly or indirectly, 30% or more of the then outstanding shares of common stock of the corporation resulting from such Business Combination or 30% or more of the combined voting power of the then outstanding voting securities of such corporation, and (iii) at least a majority of the members of the board of directors of the corporation resulting from the Business Combination were members of the incumbent board of the company at the time of initiating the Business Combination; or

(d) approval by the stockholders of the company of a complete liquidation or dissolution of the company.

The change of control agreements provide that upon a termination of employment following a change in control (other than termination for cause or by reason of death or disability) or if the named executive terminates his employment in certain circumstances defined in the agreement which constitutes good reason, in addition to the accelerated vesting of stock options and restricted stock described above, each will receive a lump sum payment equal to three times the officer's base salary at termination, plus a payment equal to three times the greater of the average of his last three bonuses or the target bonus for which the officer is eligible within the following twelve months. The change of control agreements also provide for a pro-rated bonus assuming performance at the target level for the portion of the year prior to termination. Also, the officer will be entitled to continued life and health insurance benefits for thirty-six months following the date of termination. The officer will immediately become fully vested in his benefits under each of our supplemental or excess retirement plans in which the officer participated. All benefits under each of our supplemental or excess retirement plans will be paid out in a lump sum upon the change of control. In addition, we will increase the payout by an amount equal to the additional benefits to which the officer would have been entitled under any of our qualified or non-qualified defined benefit or defined contribution plans, as if the officer had continued to participate in such plans for three years following the change of control.

The change of control agreements of Messrs. Taylor, Fanning, and Lundstrom have terms that differ from the terms of our change of control agreements with Messrs. Platt and Bennett. The agreements of Messrs. Taylor, Fanning, and Lundstrom:

do not provide additional compensation credit for purposes of calculating the SERP benefit payout;

include amounts in the bonus bank as part of the annual bonus for the purpose of determining the lump sum cash severance payment;

include a gross-up payment to cover any excess parachute payment tax; and

do not include within the definition of a good reason termination necessary to trigger a severance benefit a situation where the officer does not have a commensurate position following the change of control with the corporation resulting from a business combination. If the resulting corporation is controlled by a parent entity, good reason would not exist simply because the named executive did not have a commensurate position with the parent entity.

Mr. Taylor's change of control agreement terminated as of May 31, 2012, his retirement date.

The agreements of Messrs. Platt and Bennett:

do provide additional compensation credit in calculating the SERP payment amount;

do not include amounts in the bonus bank as part of the annual bonus for the purpose of determining the lump sum cash severance payment;

do not include a parachute payment excise tax gross-up; and

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do include within the definition of "good reason" a situation where the officer does not have a commensurate position with the ultimate parent company after the change of control.

The company did not materially amend any existing change of control agreements in fiscal 2012. In addition, the committee has determined that any new change of control agreements will not provide parachute payment excise tax gross-ups.

**Table of Contents****ESTIMATED PAYMENTS ON TERMINATION OR CHANGE IN CONTROL**

| Event  | D.E. Taylor(1)       | J.M. Platt           | Q.P. Fanning        | B.D. Lundstrom      | J.M. Bennett         |
|--|----------------------|----------------------|---------------------|---------------------|----------------------|
| <b><u>Normal and Early Retirement and Termination without Cause</u></b>                          |                      |                      |                     |                     |                      |
| Prorated annual incentive and bonus bank   | \$ 540,500           | \$ 255,164           | \$ 224,436          | \$ 245,219          | \$ 188,924           |
| Accelerated stock options  | \$ 0                 | \$ 0                 | \$ 0                | \$ 0                | \$ 0                 |
| Accelerated vesting of restricted stock  | \$ 0                 | \$ 0                 | \$ 0                | \$ 0                | \$ 0                 |
| Cash severance payment   | \$ 0                 | \$ 0                 | \$ 0                | \$ 0                | \$ 0                 |
| <b>Subtotal Termination-Related Benefits</b>   | <b>\$ 540,500</b>    | <b>\$ 255,164</b>    | <b>\$ 224,436</b>   | <b>\$ 245,219</b>   | <b>\$ 188,924</b>    |
| Vested stock options   | \$ 5,179,272         | \$ 872,041           | \$ 571,043          | \$ 376,365          | \$ 650,172           |
| SERP   | \$ 12,286,907        | \$ 1,883,930         | \$ 0(2)             | \$ 0(2)             | \$ 1,377,494         |
| Supplemental Savings Plan  | \$ 2,853,784         | \$ 1,225,440         | \$ 20,603(3)        | \$ 0                | \$ 0                 |
| <b>Total</b>   | <b>\$ 21,400,963</b> | <b>\$ 4,491,739</b>  | <b>\$ 1,040,518</b> | <b>\$ 866,803</b>   | <b>\$ 2,405,515</b>  |
| <b><u>Death or Disability</u></b>  |                      |                      |                     |                     |                      |
| Prorated annual incentive and bonus bank   | \$ 540,500           | \$ 255,164           | \$ 224,436          | \$ 245,219          | \$ 188,924           |
| Accelerated stock options  | \$ 0                 | \$ 0                 | \$ 0                | \$ 0                | \$ 0                 |
| Accelerated vesting of restricted stock  | \$ 9,097,022         | \$ 4,021,627         | \$ 3,301,000        | \$ 3,362,151        | \$ 2,655,731         |
| <b>Subtotal Termination-Related Benefits</b>   | <b>\$ 9,637,522</b>  | <b>\$ 4,276,791</b>  | <b>\$ 3,525,436</b> | <b>\$ 3,607,370</b> | <b>\$ 2,844,656</b>  |
| Vested stock options   | \$ 5,179,272         | \$ 872,041           | \$ 571,043          | \$ 376,365          | \$ 650,172           |
| SERP   | \$ 12,286,907        | \$ 1,883,930         | \$ 208,680          | \$ 269,050          | \$ 1,377,494         |
| Supplemental Savings Plan  | \$ 2,853,784         | \$ 1,225,440         | \$ 25,752           | \$ 0                | \$ 0                 |
| <b>Total</b>   | <b>\$ 29,957,485</b> | <b>\$ 8,258,202</b>  | <b>\$ 4,330,911</b> | <b>\$ 4,252,785</b> | <b>\$ 4,872,322</b>  |
| <b><u>Change in Control with Termination</u></b>   |                      |                      |                     |                     |                      |
| Prorated annual incentive and bonus bank   | \$ 540,500           | \$ 225,164           | \$ 224,436          | \$ 245,219          | \$ 188,924           |
| Accelerated stock options  | \$ 221,148           | \$ 98,860            | \$ 76,373           | \$ 79,425           | \$ 63,646            |
| Accelerated vesting of restricted stock  | \$ 9,097,022         | \$ 4,021,627         | \$ 3,301,000        | \$ 3,362,151        | \$ 2,655,731         |
| Cash severance payment   | \$ 4,528,800         | \$ 2,670,975         | \$ 2,077,425        | \$ 2,077,425        | \$ 2,638,398         |
| Continued benefits and additional retirement plan credit   | \$ 654,330           | \$ 233,237           | \$ 188,967          | \$ 170,052          | \$ 2,968,393         |
| Tax gross-up   | \$ 7,182,592         | \$ 0                 | \$ 2,937,723        | \$ 2,926,393        | \$ 0                 |
| <b>Subtotal Termination-Related Benefits</b>   | <b>\$ 22,224,393</b> | <b>\$ 7,279,862</b>  | <b>\$ 8,805,924</b> | <b>\$ 8,860,665</b> | <b>\$ 8,515,092</b>  |
| Vested stock options   | \$ 5,179,272         | \$ 872,041           | \$ 571,043          | \$ 376,365          | \$ 650,172           |
| SERP   | \$ 12,286,907        | \$ 1,883,930         | \$ 0                | \$ 0                | \$ 1,377,494         |
| Supplemental Savings Plan  | \$ 2,853,784         | \$ 1,225,440         | \$ 25,752           | \$ 0                | \$ 0                 |
| <b>Total</b>   | <b>\$ 42,544,355</b> | <b>\$ 11,261,274</b> | <b>\$ 9,402,719</b> | <b>\$ 9,237,030</b> | <b>\$ 10,542,759</b> |
| <b><u>Change in Control (No Termination)</u></b>   |                      |                      |                     |                     |                      |
| Accelerated stock options  | \$ 221,148           | \$ 98,860            | \$ 76,373           | \$ 79,425           | \$ 63,646            |
| Accelerated vesting of restricted stock  | \$ 9,097,022         | \$ 4,021,627         | \$ 3,301,000        | \$ 3,362,151        | \$ 2,655,731         |
| <b>Total</b>   | <b>\$ 9,318,170</b>  | <b>\$ 4,120,487</b>  | <b>\$ 3,377,374</b> | <b>\$ 3,441,576</b> | <b>\$ 2,719,377</b>  |
| <b><u>Voluntary Termination and Termination with Cause (No Termination-Related Benefits)</u></b> |                      |                      |                     |                     |                      |
| Vested stock options   | \$ 5,179,272         | \$ 872,041           | \$ 571,043          | \$ 376,365          | \$ 650,172           |
| SERP   | \$ 12,286,907        | \$ 1,883,930         | \$ 0(2)             | \$ 0(2)             | \$ 1,377,494         |
| Supplemental Savings Plan  | \$ 2,853,784         | \$ 1,225,440         | \$ 20,603(3)        | \$ 0                | \$ 0                 |
| <b>Total</b>   | <b>\$ 20,319,963</b> | <b>\$ 3,981,411</b>  | <b>\$ 591,646</b>   | <b>\$ 376,365</b>   | <b>\$ 2,027,666</b>  |

- (1) As noted previously, Mr. Taylor retired as the company's president and chief executive officer on May 31, 2012. Please see Compensation Discussion and Analysis Changes in Management and Compensation Following Fiscal 2012 for a discussion of the terms of his retirement agreement. As noted above, Mr. Taylor's change of control agreement terminated as of his retirement date, thus he is no longer eligible for certain of the change of control benefits identified in this table.

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- (2) Although Messrs. Fanning and Lundstrom participate in the SERP, neither had five years of service with our company as of March 31, 2012 and therefore neither would have been eligible for a SERP benefit had his employment terminated on that date voluntarily, by the company with or without cause, or because of early or normal retirement.
- (3) Mr. Fanning participates in the Supplemental Savings Plan but as of the end of the fiscal year was not fully vested in that plan. If his employment had terminated on March 31, 2012 voluntarily, by the company with our without cause, or because of early or normal retirement, he would be eligible for a reduced benefit under the Supplemental Savings Plan.

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**AUDIT COMMITTEE REPORT**

The audit committee is currently comprised of five directors, all of whom are independent, as defined by SEC rules and the NYSE's listing standards. We operate under a written charter approved by our committee and adopted by the board, which is available under "Committee Charter" in the "About Tidewater" section of our website at <http://www.tdw.com>. Our primary function is to assist the board in its oversight of: (1) the integrity of the financial statements, reports and other financial information provided by the company to any governmental or regulatory body, the public or other users thereof; (2) the company's compliance with legal and regulatory requirements; (3) the independent registered public accounting firm's qualifications and independence; (4) the performance of the company's internal audit function and independent registered public accounting firm; and (5) the company's systems of disclosure controls and procedures and internal controls over financial reporting.

We oversee the company's financial reporting process on behalf of the board. Our responsibility is to monitor this process, but we are not responsible for developing and consistently applying the company's accounting principles and practices, preparing and maintaining the integrity of the company's financial statements and maintaining an appropriate system of internal controls, auditing the company's financial statements and the effectiveness of internal control over financial reporting, or reviewing the company's unaudited interim financial statements. Those are the responsibilities of management and the company's independent registered public accounting firm, respectively.

During fiscal 2012, management assessed the effectiveness of the company's system of internal control over financial reporting in connection with the company's compliance with Section 404 of the Sarbanes-Oxley Act of 2002. We reviewed and discussed with management and Deloitte & Touche LLP, the company's independent registered public accounting firm ( "Deloitte & Touche" ) management's report on internal control over financial reporting and Deloitte & Touche's report on their audit of the company's internal control over financial reporting as of March 31, 2012, both of which are included in the company's annual report on Form 10-K for the year ended March 31, 2012.

**Appointment of Independent Registered Public Accounting Firm; Financial Statement Review**

In September 2011, in accordance with our charter, we appointed Deloitte & Touche as the company's independent registered public accounting firm for fiscal 2012. We have reviewed and discussed the company's audited financial statements for fiscal year 2012 with management and Deloitte & Touche. Management represented to us that the audited financial statements fairly present, in all material respects, the financial condition, results of operations and cash flows of the company as of and for the periods presented in the financial statements in accordance with accounting principles generally accepted in the United States, and Deloitte & Touche provided an audit opinion to the same effect.

We have received from Deloitte & Touche the written disclosures required by the Public Company Accounting Oversight Board Ethics and Independence Rule 3526, Communication with Audit Committees Concerning Independence, regarding the company's independent registered public accounting firm's independence, and we have discussed with them their independence from the company and management. We have also discussed with Deloitte & Touche the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

In addition, we have discussed with Deloitte & Touche the overall scope and plans for their audit, and have met with them and management to discuss the results of their examination, their understanding and evaluation of the company's internal controls as they considered necessary to support their opinions on the financial statements and on the internal control over financial reporting for fiscal year 2012, and various factors affecting the overall quality of accounting principles applied in the company's financial reporting. Deloitte & Touche also met with us without management being present to discuss these matters.



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Based on the review and discussions referred to above, the audit committee recommended to the board (and the board has approved) that the audited financial statements be included in our company's Annual Report on Form 10-K for the year ended March 31, 2012, for filing with the SEC. The audit committee has selected Deloitte & Touche as the company's independent registered public accounting firm for fiscal year 2013, and that selection is being presented to the stockholders for ratification at the annual meeting.

Audit Committee:

Jon C. Madonna, Chairman

M. Jay Allison

J. Wayne Leonard

Richard A. Pattarozzi

Cindy B. Taylor

**Table of Contents****INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM****Fees and Related Disclosures for Accounting Services**

The following table lists the aggregate fees and costs billed by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates to our company for the fiscal year ended March 31, 2011 and the fiscal year ended March 31, 2012.

|                       | Amount Billed                          |                                     |
|-----------------------|--|-------------------------------------|
|                       | Fiscal Year Ended<br>March 31,<br>2011 | Fiscal Year Ended<br>March 31, 2012 |
| Audit Fees(1)         | \$ 1,047,000                           | \$ 1,252,900                        |
| Audit-Related Fees(2) | \$ 107,000                             | \$ 80,550                           |
| Tax Fees(3)           | \$ 63,000                              | \$ 47,800                           |
| All Other Fees        | \$ 0                                   | \$ 0                                |
| <b>Total</b>          | <b>\$ 1,217,000</b>                    | <b>\$ 1,381,250</b>                 |

- (1) Relates to services rendered in connection with auditing our company's annual consolidated financial statements for each applicable year and reviewing our company's quarterly financial statements. Also includes services rendered in connection with statutory audits and financial statement audits of our subsidiaries.
- (2) Consists of financial accounting and reporting consultations and employee benefit plan audits.
- (3) Consists of United States and foreign corporate tax compliance services and consultations.

The audit committee has determined that the provision of services described above is compatible with maintaining the independence of the independent auditors.

**Pre-Approval Policies and Procedures**

The audit committee's policy is to pre-approve the scope of all audit services, audit-related services and other services permitted by law provided by our independent registered public accounting firm. Audit services and permitted non-audit services must be pre-approved by the full audit committee, except that the chairman of the audit committee has the authority to pre-approve any specific service if the total anticipated cost of such service is not expected to exceed \$25,000, and provided the full audit committee ratifies the chairman's approval at its next regular meeting. All audit and non-audit services for fiscal 2012 were pre-approved by the audit committee.

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**PROPOSAL FOR THE RATIFICATION OF  
SELECTION OF  
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
(PROPOSAL 3)**

The audit committee of our board has selected Deloitte & Touche LLP ( Deloitte & Touche ) as the company's independent registered public accounting firm to audit the financial statements of the company for the fiscal year ending March 31, 2013. Proxies solicited hereby will be voted to ratify that selection unless stockholders specify otherwise in their proxies. If the stockholders do not ratify the appointment of Deloitte & Touche by the affirmative vote of the holders of a majority of our common stock present in person or by proxy at the meeting and entitled to vote, the audit committee will reconsider the selection of the independent auditors.

Representatives of Deloitte & Touche are expected to be present at the 2012 annual meeting, will have an opportunity to make a statement if they so desire, and will be available to respond to appropriate questions.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR RATIFICATION OF THE SELECTION OF DELOITTE & TOUCHE LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING MARCH 31, 2013.**

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**STOCKHOLDER PROPOSALS**

Our stockholders are entitled to submit proposals on matters appropriate for stockholder action consistent with regulations of the Securities and Exchange Commission and our bylaws.

If you want us to consider including a proposal in next year's proxy statement, you must deliver the proposal in writing to our Secretary at 601 Poydras Street, Suite 1900, New Orleans, Louisiana 70130 by February 15, 2013.

If you want to present a proposal at next year's annual meeting but do not wish to have the proposal included in our proxy statement, you must submit it in writing to our Secretary, at the above address, no earlier than April 10, 2013 and no later than May 5, 2013, in accordance with the specific procedural requirements set forth in our bylaws. If you would like a copy of these procedures, please contact our Secretary, or access "Committee Charter" in the "About Tidewater" section of our website at <http://www.tdw.com> to review our bylaws. Failure to comply with our bylaw procedures and deadlines may preclude presentation of the matter at the meeting.

We did not receive any stockholder proposals for the 2012 annual meeting.

**CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS**

Our practice has been that any transaction or relationship involving a director or executive officer which would require disclosure under Item 404(a) of Regulation S-K of the rules and regulations of the SEC will be reviewed and approved, or ratified, by our audit committee.

We currently have one such relationship. Cindy B. Taylor, a director of Tidewater, is the Chief Executive Officer of Oil States International, Inc. ("Oil States"). Oil States and its affiliates provide us with vessel parts and supplies, vessel labor, and similar goods and services. The amount we pay to Oil States for such services in a given fiscal year is, and historically has been, substantially less than 1% of Oil States' annual revenues. During fiscal 2012, our company paid Oil States or its affiliates approximately \$52,376 for these services. The audit committee, with Ms. Taylor abstaining, has reviewed and approved our relationship with Oil States. We anticipate that our company will continue to purchase goods and services from Oil States during fiscal 2013.

The audit committee also reviews and investigates any matters pertaining to the integrity of management and directors, including conflicts of interest, or adherence to standards of business conduct required by our policies.

**SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934 requires our directors, executive officers, and beneficial owners of more than 10% of our common stock to file certain beneficial ownership reports with the SEC. To our knowledge, based on our review of copies of reports received by us and written representations by certain reporting persons, we believe that during fiscal year 2012, all Section 16(a) filing requirements applicable to our officers, directors, and 10% stockholders were complied with in a timely manner, except as follows: two amended Form 4s, each reporting an option exercise by Mr. Taylor pursuant to a 10b5-1 trading plan (10,000 options on January 6, 2010 and 15,000 options on April 30, 2010), were filed on January 30, 2012.

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**OTHER MATTERS**

Our board knows of no business, other than as described in this proxy statement, which will be presented for consideration by the company's stockholders at the meeting. The enclosed proxy will confer discretionary authority with respect to any other matters that may properly come before the meeting or any adjournment thereof. It is the intention of the persons named in the enclosed proxy to vote in accordance with their best judgment on any such matter.

By Order of the Board of Directors

BRUCE D. LUNDSTROM  
Executive Vice President, General Counsel  
and Secretary

New Orleans, Louisiana

June 15, 2012

**PLEASE COMPLETE AND RETURN YOUR PROXY CARD PROMPTLY IN THE ENCLOSED ENVELOPE. YOU MAY ALSO VOTE BY TELEPHONE OR ONLINE USING THE INSTRUCTIONS ON THE PROXY CARD**

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ANNEX A

**Companies Included in Fiscal 2012 Executive Compensation Analyses****Peer Energy Services Companies**

| <b>Peer Company</b>             | <b>2010 Peer Group</b> | <b>2011 Peer Group</b> |
|---------------------------------|------------------------|------------------------|
| Atwood Oceanics, Inc.           | X                      | X                      |
| Baker Hughes, Inc.              | X                      |                        |
| Bristow Group Inc.              |                        | X                      |
| Cameron International Corp.     | X                      | X                      |
| Diamond Offshore Drilling, Inc. | X                      | X                      |
| Dresser-Rand Group Inc.         |                        | X                      |
| Dril-Quip, Inc.                 | X                      |                        |
| ENSCO International Inc.        | X                      | X                      |
| Exterran Holdings Inc.          | X                      | X                      |
| FMC Technologies Inc.           | X                      | X                      |
| Global Industries Ltd.          | X                      | X                      |
| GulfMark Offshore, Inc.         | X                      | X                      |
| Halliburton                     | X                      |                        |
| Helix Energy Solutions Group    |                        | X                      |
| Helmerich & Payne, Inc.         |                        | X                      |
| Hornbeck Offshore Services Inc. | X                      | X                      |
| Key Energy Services Inc.        |                        | X                      |
| Kirby Corp.                     |                        | X                      |
| McDermott International Inc.    | X                      | X                      |
| Nabors Industries, Inc.         | X                      |                        |
| National Oilwell Varco, Inc.    | X                      |                        |
| Noble Corporation               | X                      | X                      |
| Oceaneering International Inc.  | X                      | X                      |
| Oil States International Inc.   |                        | X                      |
| Overseas Shipholding Group      | X                      | X                      |
| Precision Drilling Corporation  |                        | X                      |
| Pride International, Inc.       | X                      | X                      |
| Rowan Companies, Inc.           | X                      | X                      |
| SEACOR Holdings Inc.            | X                      | X                      |
| Smith International, Inc.       | X                      |                        |
| Superior Energy Services Inc.   |                        | X                      |
| Teekay Corp.                    | X                      | X                      |
| Transocean, Inc.                | X                      |                        |
| Weatherford International       | X                      |                        |

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**Table of Contents****Towers Watson Oilfield Services Executive Compensation Survey Companies**

| <b>Company</b>                | <b>2010 Survey</b> | <b>2011 Survey</b> |
|-------------------------------|--------------------|--------------------|
| Atwood Oceanics, Inc.         | X                  | X                  |
| Baker Hughes, Inc.            | X                  | X                  |
| Bristow Group Inc.            | X                  | X                  |
| Cameron International Corp.   | X                  | X                  |
| ENSCO International Inc.      | X                  |                    |
| Exterran Holdings Inc.        | X                  | X                  |
| Global Industries Corp.       | X                  | X                  |
| GulfMark Offshore, Inc.       | X                  |                    |
| Halliburton                   |                    | X                  |
| Helmerich & Payne, Inc.       | X                  | X                  |
| Hercules Offshore, Inc.       | X                  |                    |
| Key Energy Services Inc.      |                    | X                  |
| McDermott International Inc.  |                    | X                  |
| National Oilwell Varco, Inc.  |                    | X                  |
| Noble Corporation             | X                  | X                  |
| Oil States International Inc. | X                  | X                  |
| Pride International, Inc.     | X                  |                    |
| Schlumberger Limited          | X                  | X                  |
| ShawCor Ltd.                  |                    | X                  |
| Transocean, Inc.              | X                  | X                  |

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**Tidewater Inc.**

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**IMPORTANT ANNUAL MEETING INFORMATION** 000004  
 ENDORSEMENT LINE \_\_\_\_\_ SACKPACK \_\_\_\_\_

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MR A SAMPLE  
 DESIGNATION (IF ANY)  
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 ADD 2  
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 ADD 6

**Electronic Voting Instructions**

**Available 24 hours a day, 7 days a week!**

Instead of mailing your proxy, you may choose one of the voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

**Proxies submitted by the Internet or telephone must be received by 1:00 a.m., Central Time, on July 19, 2012.**

**Vote by Internet**

Go to [www.envisionreports.com/TDW](http://www.envisionreports.com/TDW)

Or scan the QR code with your smartphone

Follow the steps outlined on the secure website

**Vote by telephone**

Call toll free 1-800-652-VOTE (8683) within the USA, US territories

& Canada on a touch tone telephone

Follow the instructions provided by the recorded message

Using a **black ink** pen, mark your votes with an **X** as shown in

**X**

this example. Please do not write outside the designated areas.

ê IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH ê

AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.

**A** Proposals The Board of Directors recommends a vote **FOR** all nominees in Proposal 1; **FOR** Proposal 2; and **FOR** Proposal 3.

|                           |            |                 |                   |            |                 |                           |            |                 |          |
|---------------------------|------------|-----------------|-------------------|------------|-----------------|---------------------------|------------|-----------------|----------|
| 1. Election of Directors: | <b>For</b> | <b>Withhold</b> |                   | <b>For</b> | <b>Withhold</b> |                           | <b>For</b> | <b>Withhold</b> |          |
| 01- M. Jay Allison        | "          | "               | 02 - James C. Day | "          | "               | 03 - Richard R. du Moulin | "          | "               | <b>+</b> |

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|                           |    |    |                            |    |    |                       |    |    |
|---------------------------|----|----|----------------------------|----|----|-----------------------|----|----|
| 04 - Morris E. Foster     | .. | .. | 05 - J. Wayne Leonard      | .. | .. | 06 - Jon C. Madonna   | .. | .. |
| 07 - Joseph H. Netherland | .. | .. | 08 - Richard A. Pattarozzi | .. | .. | 09 - Jeffrey M. Platt | .. | .. |
| 10 - Nicholas J. Sutton   | .. | .. | 11- Cindy B. Taylor        | .. | .. | 12 - Dean E. Taylor   | .. | .. |
| 13 - Jack E. Thompson     | .. | .. |                            |    |    |                       |    |    |

|  | For | Against | Abstain |   | For | Against | Abstain |
|--|-----|---------|---------|---|-----|---------|---------|
| 2. Say on Pay Vote - An advisory vote to approve executive compensation (as disclosed in the proxy statement). | ..  | ..      | ..      | 3. Ratification of the selection of Deloitte & Touche LLP as independent registered public accounting firm for the fiscal year ending March 31, 2013. | ..  | ..      | ..      |

**B Non-Voting Items**  
**Change of Address** Please print new address below.

**C Authorized Signatures** This section must be completed for your vote to be counted. **Date and Sign Below**  
 Please vote, date, sign and promptly return this proxy. If signing as attorney, executor, officer, or other representative capacity, please indicate title.

Date (mm/dd/yyyy) Please print date below. Signature 1 Please keep signature within the box. Signature 2 Please keep signature within the box.

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ê IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH ê  
AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.

**Proxy TIDEWATER INC.**

**This Proxy is solicited on behalf of the Board of Directors**

The undersigned appoints Bruce D. Lundstrom and D. Clayton Cambre as proxies, each with power to act alone or by substitution, to vote all shares of the undersigned in Tidewater Inc. on all matters coming before the Annual Meeting of Stockholders of Tidewater Inc. to be held on July 19, 2012, and any adjournments thereof. If the undersigned is a participant in the Tidewater Savings Plan ( Savings Plan ) or in a stock incentive plan sponsored by Tidewater Inc., this proxy card also serves as voting instructions to the Trustees of the Savings Plan to vote at the Annual Meeting, and any adjournment thereof, as specified on the reverse side hereof.

**THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED, OR IF NOT DIRECTED, AS RECOMMENDED BY THE BOARD OF DIRECTORS ON ALL MATTERS LISTED ON THE BACK OF THIS CARD, AND, AS SAID PROXIES DEEM ADVISABLE, ON SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING. RECEIPT OF THE NOTICE OF MEETING AND PROXY STATEMENT IS HEREBY ACKNOWLEDGED. THIS PROXY REVOKES ALL PRIOR PROXIES GIVEN BY THE UNDERSIGNED.**

**SEE REVERSE SIDE. If you wish to vote in accordance with the Board of Directors' recommendations, just sign on the reverse side. You need not mark any boxes.**

**SEE REVERSE SIDE**

**CONTINUED AND TO BE SIGNED ON REVERSE SIDE**

**SEE REVERSE SIDE**