

TIDEWATER INC  
Form DEF 14A  
June 04, 2009  
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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:
- 2) Aggregate number of securities to which transaction applies:
- 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):
- 4) Proposed maximum aggregate value of transaction:
- 5) Total Fee Paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

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- 1) Amount Previously Paid:
- 2) Form, Schedule or Registration Statement No.:
- 3) Filing Party:
- 4) Date Filed:

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**TIDEWATER INC.**

**601 Poydras Street, Suite 1900**

**New Orleans, Louisiana 70130**

June 4, 2009

To Our Stockholders:

You are cordially invited to attend the 2009 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 9, 2009 at 10:00 a.m., Central Time.

The attached Notice of Annual Meeting and Proxy Statement describe the formal business to be transacted 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 any questions that you may have.

You are requested to vote by proxy as promptly as possible. You can vote by signing, dating, and returning the enclosed proxy card in the envelope provided. You can also call in your vote by touchtone telephone or send it over the Internet using 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 have previously voted by proxy.

Sincerely,

DEAN E. TAYLOR

Chairman, President and Chief Executive Officer

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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 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 or other nominee stating that you were the beneficial owner of the company's stock on the record date or an account statement showing that you were the beneficial owner of the company's stock on the record date.**

We reserve the right to deny admission to the meeting of 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, LA 70130**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

The 2009 Annual Meeting of the Stockholders of Tidewater Inc. (the company) will be held in the Pan-American Life Center Auditorium, 11th Floor, 601 Poydras Street, New Orleans, Louisiana, on July 9, 2009, at 10:00 a.m., Central Time, to vote upon the following matters:

The election of 11 directors for a term of one year;

Approval of the Tidewater Inc. 2009 Stock Incentive Plan;

Ratification of the selection of Deloitte & Touche LLP ( Deloitte & Touche ) as the company's independent registered public accounting firm for the fiscal year ending March 31, 2010; and

Such other matters as may properly come before the meeting or any adjournment thereof.

Only stockholders of record at the close of business on May 15, 2009, are entitled to notice of and to vote at the 2009 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 touchtone telephone or over the Internet as explained on the enclosed proxy card. You may revoke your proxy by giving notice to our Secretary at any time before the 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 4, 2009

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

**FOR THE STOCKHOLDER MEETING TO BE HELD ON JULY 9, 2009.**

**This proxy statement and our 2009 annual report**

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

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**TIDEWATER INC.**

**601 Poydras Street, Suite 1900**

**New Orleans, LA 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 is soliciting your proxy to vote at the annual meeting because you owned shares of our common stock at the close of business on May 15, 2009, the record date for the meeting, and are entitled to vote those shares at the meeting. The proxy statement, along with a proxy card or a voting instruction card, is being mailed to stockholders and will be available online at [www.edocumentreview.com/TDW](http://www.edocumentreview.com/TDW) beginning June 4, 2009. 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 11 directors for a one year term, approve the Tidewater Inc. 2009 Stock Incentive Plan (the Plan), ratify the selection of Deloitte & Touche as our independent registered public accounting firm for fiscal year 2010, 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 9, 2009, at 10:00 a.m., Central Time.

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

**A:** Our board of directors is soliciting your proxy that would be voted at our 2009 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 as you have instructed on the proxy card.

**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.



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

**A:** On the record date, we had 51,678,465 shares of common stock outstanding, all of which were entitled to one vote per share.

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

**A:** Our amended and restated bylaws provide that the presence at the meeting of a majority of the outstanding shares of stock entitled to vote constitutes a quorum. On the record date, 25,839,233 shares constitute 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 the proxy materials have been directly sent to you by us.

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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: 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). In that case, your shares will be considered present at the meeting for purposes of determining a quorum, but will not be considered to be represented at the meeting for purposes of calculating the vote with respect to such proposal. Under New York Stock Exchange rules, brokers generally have discretionary authority to vote without instructions from beneficial owners on the election of directors and 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 adoption or approval of the terms of equity compensation plans, such as our proposed Plan.

If you do not vote shares registered in your name, your shares will not be voted.

### **Q: What vote is required to approve each item?**

**A: *Election of Directors.*** Our amended and restated bylaws provide that directors are elected by a plurality of the votes cast by holders of common stock present in person or represented by proxy and entitled to vote at the annual meeting. This means that the director nominees receiving the highest number of votes for the available director seats are elected to the Board. You may vote for all director nominees or withhold your vote for any one or more of the director nominees. Only votes for are counted in determining the number of votes cast in favor of a director nominee. If you hold your shares in street name and do not give voting instructions to your broker, bank or nominee, they will be entitled to vote your shares with respect to the election of directors. Abstentions and withheld votes have no effect on the plurality vote for the election of directors.

Although our directors are elected by plurality vote, the board has adopted a majority voting policy that provides that if, in an uncontested election, any nominee for director receives a greater number of withheld votes than for votes, he or she is required to tender his or her resignation for consideration by the nominating and corporate governance committee of the board of directors. We have provided more information about our majority voting policy in this proxy statement under the heading Corporate Governance Majority Voting Policy.

***Approval of the Plan.*** The proposal to approve the terms of the Plan requires the affirmative vote of a majority of the shares of common stock present in person or represented by proxy and entitled to vote at the annual meeting. If you hold your shares in street name and do not give voting instructions to your broker, bank or nominee, they will not be entitled to vote your shares with respect to the approval of the Plan. Abstentions will count as a vote against the approval of the terms of the Plan.

***Ratification of Independent Registered Public Accounting Firm.*** The proposal to ratify the selection of Deloitte & Touche as our independent registered public accounting firm requires the affirmative vote of a majority of the shares of common stock present in person or represented by proxy and entitled to vote at the annual meeting. If you hold your shares in street name and do not give voting instructions to your broker, bank or nominee, they will be entitled to vote your shares with respect to the ratification of the selection of our independent registered public accounting firm. Abstentions will count as a vote against the ratification of the selection of our independent registered public accounting firm.

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All other matters that properly come 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 and entitled to vote at the annual meeting, except where a different vote is required by statute, our certificate of incorporation or our amended and restated bylaws.

### **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 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 will need to 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 1-800-625-8683 or on the Internet at [www.envisionreports.com/TDW](http://www.envisionreports.com/TDW) by following the instructions at that site. The availability of telephone and Internet 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. 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, by delivering timely a proxy bearing a later date or by voting in person at the meeting.

### **Q: What if I do not vote for a proposal on the proxy card I return?**

**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 make no specifications on your proxy card, your shares will be voted (i) FOR the director nominees, (ii) FOR the Plan, and (iii) FOR the ratification of the selection of Deloitte & Touche as our independent registered public accounting firm for fiscal year 2010. If you are a beneficial owner of shares and do not give voting instructions to your broker, bank or nominee, they will be entitled to vote your shares with respect to the election of directors and the ratification of the selection of our independent registered public accounting firm, but will not be entitled to vote your shares with respect to the approval of the Plan.

### **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 at an estimated fee of \$5,000 and Broadridge Financial Solutions, Inc. (formerly ADP Investor Communications) at an estimated

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fee of \$120,000. 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.

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

**A:** The 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, pursuant to our amended and restated 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 good and may be voted at the postponed or adjourned meeting. You will still be able to change or revoke your proxy until it is voted.

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS**

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 May 15, 2009.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent Of Class(1)
FMR LLC 82 Devonshire Street Boston, Massachusetts 02109	3,613,708(2)	6.99%
BlackRock, Inc. 40 East 52 <sup>nd</sup> Street New York, New York 10022	3,215,627(3)	6.22%

- (1) Based on 51,678,465 shares of common stock outstanding on May 15, 2009.
- (2) Based on Schedule 13G filed on February 17, 2009 with the Securities and Exchange Commission by FMR LLC. Of the 3,613,708 shares beneficially owned, FMR LLC and its affiliates collectively had sole voting power over 145,598 shares, shared voting power over none of the shares, sole dispositive power over all of the shares, and shared dispositive power over none of the shares.
- (3) Based on Schedule 13G filed on February 10, 2009 with the Securities and Exchange Commission by BlackRock, Inc. Of the 3,215,627 shares beneficially owned, BlackRock, Inc. and its affiliates collectively had sole voting power over none of the shares, shared voting power over all of the shares, sole dispositive power over none of the shares, and shared dispositive power over all of the shares.

**Table of Contents****SECURITY OWNERSHIP OF MANAGEMENT**

The following table sets forth the beneficial ownership of our common stock as of May 15, 2009, by each director, by each executive officer named in the Summary Compensation Table, 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)
M. Jay Allison	0	*	5,479
Joseph M. Bennett	69,112(4)(6)	*	0
James C. Day	0	*	3,760
Stephen W. Dick	88,387(4)(6)	*	0
Richard T. du Moulin	24,100(3)(7)	*	6,314
Quinn P. Fanning	22,726(4)(6)	*	0
J. Wayne Leonard	15,000(3)	*	6,314
J. Keith Lousteau	117,172(4)(9)	*	0
Jon C. Madonna	7,100(3)	*	6,314
Joseph H. Netherland	4,000	*	1,026
William C. O Malley	76,859(3)(4)	*	6,314
Richard A. Pattarozzi	22,500(3)	*	6,314
Jeffrey M. Platt	76,740(4)(6)(8)	*	0
Nicholas J. Sutton	0	*	5,784
Cindy B. Taylor	0	*	3,016
Dean E. Taylor	452,313(4)(6)(10)	*	0
Jack E. Thompson	7,500(3)	*	6,314
All directors and executive officers as a group (18 persons)	1,026,365(5)	1.99%	56,949

\* Less than 1.0%.

- (1) Calculated on the basis of 51,678,465 shares of common stock outstanding at May 15, 2009, and includes for each person and group the number of shares the person or group has the right to acquire within 60 days of May 15, 2009
- (2) Each of the non-management directors receives deferred stock units under the Directors Deferred Stock Units Plan as part of his annual compensation with a value equal to \$100,000 on March 31 of the year of issuance.
- (3) Includes shares that may be acquired within 60 days upon exercise of non-management director stock options, as follows: Mr. du Moulin, 15,000; Mr. Leonard, 15,000; Mr. Madonna, 5,000; Mr. O Malley, 22,500; Mr. Pattarozzi, 22,500; and Mr. Thompson, 5,000.
- (4) Includes shares that may be acquired within 60 days upon exercise of employee stock options, as follows: Mr. Bennett, 25,580; Mr. Dick, 31,655; Mr. Lousteau, 96,304; Mr. Platt, 27,255; and Mr. Taylor 313,039. Also includes shares attributable to accounts under our 401(k) Savings Plan as follows: Mr. Bennett, 2,760; Mr. Dick, 104; Mr. Fanning, 151; Mr. Lousteau, 5,201; Mr. O Malley, 623; Mr. Platt, 975; and Mr. Taylor, 3,895.
- (5) Includes 591,671 shares of our common stock that such persons have the right to acquire within 60 days through the exercise of options; 3,728 shares for which directors and executive officers reported indirect ownership and disclaim beneficial ownership; and 13,949 shares attributable to such persons' accounts in our 401(k) Savings Plan.
- (6) Includes 22,463 shares of restricted stock as to which Mr. Bennett has the sole voting power, but no investment power; 28,907 shares of restricted stock as to which Mr. Dick has the sole voting power, but no investment power; 21,354 shares of restricted stock as to which Mr. Fanning has the sole voting power, but no investment power; 29,956 shares of restricted stock as to which Mr. Platt has the sole voting power, but no investment power; and 82,365 shares of restricted stock as to which Mr. Taylor has the sole voting power, but no investment power.
- (7) Includes 1,100 shares owned by Mr. du Moulin's children, as to which he disclaims beneficial ownership.
- (8) Includes 708 shares acquired in a previous employer's 401(k) Plan.
- (9) Mr. Lousteau retired as executive vice president, chief financial officer and treasurer of the company on September 30, 2008.
- (10) Includes 2,628 shares owned by Mr. Taylor's children, as to which he disclaims beneficial ownership.

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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 the company's stockholders.

***Corporate Governance Policy.*** The board of directors has adopted a Corporate Governance Policy, which is the framework for the governance of our company. From time to time, the board of directors reviews and may revise our Corporate Governance Policy to reflect new regulatory requirements and evolving corporate governance practices.

***Code of Business Conduct and Ethics.*** The board of directors 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. Under our Code of Business Conduct and Ethics, any employee who reasonably believes or suspects that any director or employee has violated the Code of Business Conduct and Ethics is responsible for reporting such activities. We do not permit 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.

***Communications with Directors.*** The board of directors has adopted procedures for stockholders and other interested parties to communicate directly with our board, the non-management directors or any individual director by writing to any one of the independent directors in care of our Secretary at 601 Poydras St., Suite 1900, New Orleans, LA 70130. Our company or the individual director that you contact 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/company/concerns.html>.

***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 *Communications 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 permit any retaliation of any kind against any person who, in good faith, submits a complaint or concern under these procedures.

***Majority Voting Policy.*** The board of directors has adopted a Majority Voting Policy. Any nominee for director in an uncontested election who receives a greater number of withheld votes than for votes shall tender his or her resignation following certification of the stockholder vote. The nominating and corporate governance committee is required to promptly consider the tendered resignation and recommend to the board of directors whether to accept the tendered resignation. The board is required to act on the committee's recommendation within 90 days following certification of the stockholder vote.

We will promptly publicly disclose the board of directors' final decision and decision process in a current report on Form 8-K filed with the Securities and Exchange Commission.

***Executive Sessions of Independent Board Members.*** The non-management members of the board of directors meet each year in regularly scheduled executive sessions. Additional executive sessions may be scheduled throughout the year by the non-management directors. Following each year's annual meeting, the board of directors appoints a lead director who presides over these sessions for the next fiscal year.



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***Annual Board Self-Assessments.*** The board of directors has instituted annual self-assessments of the board of directors, as well as the audit committee, the compensation committee, the nominating and corporate governance committee and the finance and investment committee, to assist in determining whether the board of directors and its committees are functioning effectively. In fiscal 2009, the board and each of its committees completed self-evaluations and reviewed and discussed the results. The nominating and corporate governance committee oversees this evaluation process.

***Board Committee Charters.*** The board of directors has adopted written charters for the audit committee, the compensation committee, the nominating and corporate governance committee and the finance and investment committee. Each committee reviews and evaluates its charter at least annually and recommends any proposed changes to the board of directors for approval.

***Availability of Corporate Governance Materials.*** You may access all committee charters, our Corporate Governance Policy, our Code of Business Conduct and Ethics, our Majority Voting Policy (which is contained in our Corporate Governance Policy) and other corporate governance materials through the Governance page of our website at <http://www.tdw.com>. You also may receive printed copies without charge by writing to us at: 601 Poydras St., Suite 1900, New Orleans, LA 70130, Attention: Secretary.

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**ELECTION OF DIRECTORS**

**(PROPOSAL 1)**

Tidewater's directors are elected at each annual shareholders' meeting and hold office until the next election. Assuming shareholders elect all the director nominees named in this proxy statement at the 2009 Annual Meeting of Stockholders, Tidewater will have 11 directors.

Pursuant to company policy, William C. O'Malley is not eligible to stand for re-election as a director because he has reached the age of 72. The board has elected to reduce the number of directors from 12 to 11 and not to nominate a candidate to replace Mr. O'Malley.

It is intended that the proxies solicited hereby will be voted FOR the election of each of the nominees. In the event any nominee is no longer a candidate at the time of the annual meeting, it is intended that the proxies will be voted for the election of the other nominees and may be voted for any substitute nominee. Our board has no reason to believe that any nominee will not be a candidate or, if elected, will be unable or unwilling to serve as a director. In no event, however, will the proxies be voted for a greater number of persons than the number of nominees named.

**Nominees for Director**

**M. Jay Allison**, 53, President and Chief Executive Officer of Comstock Resources, Inc. since 1988, Chairman of the Board of Directors of Comstock Resources, Inc. since 1997, and Director of Comstock Resources, Inc. since 1987. Director since 2006.

**James C. Day**, 66, retired Chairman of the Board and former Chief Executive Officer of Noble Corporation; Director of ONEOK, Inc., EOG Resources, Inc. and trustee of the Samuel Roberts Noble Foundation. Director since 2007.

**Richard T. du Moulin**, 62, President of Intrepid Shipping LLC since 2002; Chairman and CEO of Marine Transport Corporation, 1998-2002 and Director of Teekay Tankers and Globe Wireless. Director since 2003.

**J. Wayne Leonard**, 58, Chief Executive Officer and Director of Entergy Corporation since 1999; Director since 2003.

**Jon C. Madonna**, 66, Chairman of DigitalThink, Inc., 2002-2004 and President and Chief Operating Officer of DigitalThink, Inc. since January 2002; President and Chief Executive Officer of Carlson Wagonlit Travel, 1999-2000; Vice Chairman of Travelers Group, 1997-1998; Chairman and Chief Executive Officer of KPMG Peat Marwick, 1990-1996; Director of AT&T Corp. and Freeport-McMoran Copper & Gold Inc. Director since 1999.

**Joseph H. Netherland**, 62, retired Chairman of the Board and former Chief Executive Officer of FMC Technologies; Director of FMC Technologies and Newfield Exploration Company. Director since 2008.

**Richard A. Pattarozzi**, 65, former Vice President of Shell Oil Company E&P; President and Chief Executive Officer of Shell Deepwater Development, Inc. and Shell Deepwater Production, Inc; Director of Global Industries, Inc., Stone Energy, Inc. and FMC Technologies, Inc. Director since 2001.

**Nicholas J. Sutton**, 64, Chairman and Chief Executive Officer of Resolute Natural Resources Company (and affiliated entities); Former Chairman and CEO of HS Resources, Inc.; Former Director of Kerr-McGee Corporation. Director since 2006.

**Cindy B. Taylor**, 47, President and Chief Executive Officer of Oil States International, Inc. since April 2007; Director of Oil States International, Inc. and Global Industries, Ltd. Director since 2008.

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**Dean E. Taylor**, 60, Chairman since July 2003, Chief Executive Officer since March 2002 and President since October 2001; Executive Vice President, 2000-2001, Senior Vice President, 1998-2000. Director of Whitney Holding Corporation and the American Bureau of Shipping. Director since 2001.

**Jack E. Thompson**, 59, Management Consultant since December 2001; Vice Chairman of Barrick Gold Corp., 2001 to 2005; Chairman and CEO of Homestake Mining Co., 1994 to 2001; Director of Century Aluminum Co. and of Centerra Gold Inc.; Advisory Board Member of Resource Capital Funds III and IV, 2002-2009. Director since 2005.

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

**INDEPENDENCE OF DIRECTORS**

The board of directors is currently composed of 12 directors, 11 of whom the board has determined meet the New York Stock Exchange definition of independence. The standards relied upon by the board in affirmatively determining whether a director is independent are comprised of the objective standards set forth in corporate governance listing standards of the New York Stock Exchange. In making this determination, the 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, the board also considered the commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships any director may have with the company or management. The board of directors has affirmatively determined that Messrs. Allison, Day, du Moulin, Leonard, Madonna, Netherland, O Malley, Pattarozzi, Sutton, and Thompson, and Ms. Taylor, are independent directors.

**Table of Contents****BOARD OF DIRECTORS AND COMMITTEE COMPOSITION**

**Board of Directors.** As of the date of this proxy statement, our board consists of 12 members. During fiscal 2009, our board held seven meetings, and each of our directors attended 75% or more of the meetings of the board and of the committees on which they served. Our board does not have a policy on attendance at annual meetings. Our board's practice is to schedule a board meeting on the same date as the annual meeting to facilitate director attendance at the annual meeting. All of the board members who were directors on the date of the 2008 Annual Meeting attended the 2008 Annual Meeting.

During fiscal 2009, the non-management members of our board, which included all of our directors except Mr. Taylor, met six times in executive session. Richard A. Pattarozzi served as lead director presiding over these executive sessions. Each year, the board of directors appoints a lead director immediately following the annual meeting to serve during the next fiscal year.

**Board Committees.** Our board currently has, and appoints the members of, standing audit, compensation, nominating and corporate governance and finance and investment committees. Each of the board committees is comprised entirely of independent non-management directors. Each of the board committees has a written charter approved by the board. The current charter for each committee is posted on the Governance page of our website at <http://www.tdw.com>. The current members of our board committees are identified in the following table:

	Board Committee			
	Audit	Compensation	Nominating and Corporate Governance	Finance and Investment
M. Jay Allison	x			x
James C. Day		x	x	
Richard T. duMoulin		Chairman		x
J. Wayne Leonard	x			Chairman
Jon C. Madonna	Chairman		x	
Joseph H. Netherland		x		x
William C. O Malley				x
Richard A. Pattarozzi	x		x	
Nicholas Sutton		x	x	
Cindy B. Taylor	x			x
Jack E. Thompson		x	Chairman	

**Audit Committee.** The audit committee oversees:

the integrity of our financial statements, reports and other financial information;

the company's compliance with legal and regulatory requirements;

the independent registered public accounting firm's qualifications and independence; and

the performance of our internal audit group and independent registered public accounting firm.

Among the audit committee's key responsibilities are to review with management and the independent registered public accounting firm our audited financial statements, discuss with management and the independent registered public accounting firm the quality and adequacy of our internal controls, discuss with the independent registered public accounting firm the quality and acceptability of the accounting principles applied, appoint and retain the independent registered public accounting firm and review and approve the scope and cost of audit and non-audit services to be performed by the independent registered public accounting firm.



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The audit committee is also responsible for preparing the audit committee report required by the rules of the SEC to be included in our annual proxy statement.

The audit committee met eight times during fiscal 2009. The board has determined that each of Messrs. Madonna and Leonard and Ms. Taylor qualify as an audit committee financial expert, as defined by SEC rules.

***Compensation Committee.*** The purpose of the compensation committee is to assist the board of directors in discharging the board's 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 total employee compensation package;

overseeing the administration of our executive compensation plans and programs;

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 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 committee met seven times during fiscal 2009. The committee reports to the board of directors on all compensation matters regarding our executive officers and employees.

The Compensation Discussion and Analysis section of this proxy statement provides a discussion of the process the committee uses in determining executive compensation.

***Nominating and Corporate Governance Committee.*** The purpose of the nominating and corporate governance committee is to:

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

monitor the composition of the board and its committees;

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

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oversee compliance with legal and regulatory requirements;

review director compensation and benefits; and

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

The nominating and corporate governance committee met five times in fiscal 2009.

*Director Qualifications and Compensation.* The committee seeks a diverse group of prospective candidates for board service who possess the appropriate characteristics, skills, experience and time to make a significant contribution to our board of directors, the company and our stockholders. Each candidate is evaluated to ensure that he or she possesses personal and professional character and integrity, and must demonstrate exceptional ability and judgment in his or her respective endeavors. Candidates must possess sufficient time to effectively carry out their duties and responsibilities.

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In considering the composition of the board of directors as a whole, the committee and the board consider the skills and experiences of each candidate as it deems appropriate to assure that specific talents, skills and other characteristics that are needed to maintain the board's effectiveness are possessed by an appropriate combination of directors.

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.

The nominating and corporate governance committee is also responsible for annually reviewing and setting director compensation and benefits and for reviewing director education programs. The nominating and corporate governance committee retained Towers Perrin in fiscal 2007 to review director retainers, meeting fees and stock-based compensation provided by our company in comparison to 16 companies in the energy services industry as well as a general market survey of similarly sized public companies.

*Consideration of Candidates Recommended by Stockholders.* Our amended and restated 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 a meeting of stockholders by complying with the required notice procedures. To be timely for our next annual meeting in 2010, 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 later than April 25, 2010 and no earlier than March 31, 2010, provided that if the 2010 annual meeting is called for a date more than 50 days prior to July 9, 2010, a stockholder's notice, in order to be timely, must be so received not later than the close of business on the 10th day following the day on which such notice of the date of the meeting was mailed or public disclosure of the date of the meeting was made, whichever occurs first. Nominee recommendations are required to set forth, among other things, specified information as to the nominees, and specified information 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 the eligibility of such proposed nominee to serve as a director of our company. A description of these requirements is set forth in the company's amended and restated bylaws, available in the Governance section of our website at <http://www.tdw.com>.

The committee's policy with respect to the consideration of director candidates recommended by stockholders is that the committee will consider such candidates on the same basis and in the same manner as it considers all director candidates.

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

oversee the 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 and investment committee met five times in fiscal 2009.

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 the board of directors on an annual and quarterly basis.

## **COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

The members of our compensation committee are Messrs. Day, du Moulin, Netherland, 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****DIRECTOR COMPENSATION****FISCAL YEAR 2009 DIRECTOR COMPENSATION TABLE**

This table reflects the compensation information for each of our outside directors. Mr. Taylor's compensation is reflected in the Summary Compensation Table in the section titled Executive Officer Compensation.

Name of Director	Fees Earned or Paid in Cash (\$)	Stock Awards \$(1)	Changes in Pension Value and Nonqualified Deferred Compensation Earnings \$(2)	Other Compensation	Total (\$)
M. Jay Allison	\$ 77,000	\$ 53,316		\$ 5,000(3)	\$ 135,316
James C. Day	\$ 78,500	\$ 82,184		0	\$ 160,684
Richard T. du Moulin	\$ 89,000	\$ 39,294	\$ 3,327	\$ 5,000(3)	\$ 136,621
J. Wayne Leonard	\$ 74,500	\$ 39,294	\$ 3,605	0	\$ 117,489
Jon C. Madonna	\$ 90,500	\$ 39,294	\$ 14,320	\$ 1,000(3)	\$ 145,114
Joseph H. Netherland	\$ 25,275	\$ 38,095		0	\$ 63,370
William C. O Malley	\$ 54,500	\$ 39,294	\$ 7,694	\$ 12,000(4)	\$ 113,488
Richard A. Pattarozzi	\$ 106,000	\$ 39,294	\$ 6,884	\$ 2,050(3)	\$ 154,228
Nicholas J. Sutton	\$ 74,000	\$ 48,218		0	\$ 122,218
Cindy B. Taylor	\$ 75,500	\$ 94,735		0	\$ 170,235
Jack E. Thompson	\$ 85,500	\$ 39,294	\$ 853	\$ 5,000(3)	\$ 130,647

(1) Each of the non-management directors was granted 2,694 deferred stock units during fiscal 2009, except that Mr. Netherland, who joined the board during fiscal 2009, received 1,026 units. The amounts reflected in this column are equal to the compensation cost recognized by the company during fiscal 2009 for financial statement purposes in accordance with Statement of Financial Accounting Standards No. 123R ( FAS 123R ) for deferred stock units granted to our directors in fiscal 2009 and earlier years. The grant date fair value of the deferred stock units granted in fiscal 2009 computed in accordance with FAS 123R was as follows: Messrs. Allison, Day, du Moulin, Leonard, Madonna, O Malley, Pattarozzi, Sutton, Thompson and Ms. Taylor, \$100,028; and Mr. Netherland, \$38,095. Additional information related to the calculation of the compensation cost is set forth in Note 7 to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2009. The non-management directors held the following numbers of deferred stock units at the end of fiscal 2009: Messrs. du Moulin, Leonard, Madonna, O Malley, Pattarozzi and Thompson, 6,314 units; Mr. Sutton, 5,784 units; Mr. Allison, 5,479 units; Mr. Day, 3,760 units; Ms. Taylor, 3,016 units; and Mr. Netherland 1,026 units.

(2) Consists solely of changes in pension value.

(3) Represents costs of payments and payment commitments pursuant to our Gift Matching Program.

(4) William C. O Malley, our former Chairman, President and Chief Executive Officer, is reimbursed \$12,000 annually for clerical support.

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 2009 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 any additional compensation for services as a director.

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**Director Fees.** For fiscal year 2009, 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 or 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.

**Directors Deferred Stock Units.** On each March 31 that the Directors Deferred Stock Units Plan remains in effect, each non-management director is granted a number of stock units that is determined by dividing \$100,000 by the fair market value of a share of our common stock. 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. Dividend equivalents will also be credited to each director's account in the form of additional deferred stock units. The 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. A person who becomes a director or leaves the board during the fiscal year receives a pro rata grant.

**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.

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.

**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. A director 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 the retired director served as a non-management director. A non-management director who joined our board after May 31, 2001, will receive the annual benefit for no more than five years. 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.

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

<b>Board Member</b>	<b>Years of Service Credit</b>	<b>Present Value of Retirement Benefit(1)</b>
Jon C. Madonna	6 <sup>3</sup> / <sub>4</sub>	99,101
Richard A. Pattarozzi	4 <sup>1</sup> / <sub>2</sub>	68,847
William C. O Malley	4	103,869
Richard T. du Moulin	2 <sup>1</sup> / <sub>2</sub>	32,799
J. Wayne Leonard	2 <sup>1</sup> / <sub>2</sub>	24,043
Jack E. Thompson	1	10,770
Nicholas J. Sutton	0	0
M. Jay Allison	0	0
James C. Day	0	0
Cindy B. Taylor	0	0
Joseph H. Netherland	0	0

(1) Assumes retirement at age 72 and an 8% fixed rate of return.

**Table of Contents****AUDIT COMMITTEE REPORT**

The audit committee of our board is composed of five directors, all of whom meet the independence requirements of the New York Stock Exchange. Management has the primary responsibility for the preparation of the company's financial statements and our company's filings, including the design and implementation of the company's internal controls. Our audit committee oversees the integrity of the company's financial statements, reports and other financial information, the company's compliance with legal and regulatory requirements, the independent registered public accounting firm's qualifications and independence, and the performance of our internal audit group and independent registered public accounting firm. Our audit committee operates under a written charter which is available on the company's website at <http://www.tdw.com>.

In fulfilling its oversight responsibilities for fiscal 2009, our audit committee reviewed and discussed with management and our independent auditors the company's earnings releases and periodic filings with the SEC. Among other things, the audit committee reviewed and discussed the quality, not just the acceptability, of the accounting principles as selected by management and as applied in the financial statements.

In addition, our audit committee has discussed with the independent auditors the matters required by Statement on Auditing Standards No. 61 (Communications with Audit Committees). The independent auditors also provided to our audit committee the written disclosures required by Independence Standards Board Statement No. 1 (Independence Discussions with Audit Committees), and our audit committee discussed with the independent auditors their independence, and considered the compatibility of any non-audit services provided by our auditors with the requirements of auditor independence.

The committee discussed with our internal and independent auditors the overall scope and plans for their respective audits. The committee met with the internal and independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of our internal controls and the overall quality of our financial reporting. The committee held eight meetings during fiscal 2009.

Under the audit committee charter, each year the audit committee appoints and retains an independent registered public accounting firm to act as auditors of our company's financial statements for the ensuing year. Pursuant to policies adopted by the audit committee, the audit committee also pre-approves the scope of all audit services annually. 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 2009 were pre-approved by the audit committee.

**Other Information**

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 (collectively, the Deloitte Entities) to our company for the fiscal year ended March 31, 2008 and the fiscal year ended March 31, 2009.

	Amount Billed	
	Fiscal Year Ended March 31, 2008	Fiscal Year Ended March 31, 2009
Audit Fees(1)	\$ 1,564,000	\$ 1,480,000
Audit-Related Fees(2)	\$ 40,000	\$ 50,000
Tax Fees(3)	\$ 50,000	\$ 55,000
All Other Fees	\$ 0	\$ 0

- (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.

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(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.

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, 2009, for filing with the Securities and Exchange Commission. The audit committee has selected Deloitte & Touche as the company's independent registered public accounting firm for fiscal year 2010, 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

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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. duMoulin, Chairman

James C. Day

Nicholas J. Sutton

Jack E. Thompson

Joseph H. Netherland

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**COMPENSATION DISCUSSION AND ANALYSIS**

**Introduction.** This Compensation Discussion and Analysis is designed to provide stockholders with an understanding of our compensation philosophy and objectives as well as the analysis that our compensation committee performed in setting executive compensation for fiscal 2009. It discusses the compensation committee's determination of how and why, in addition to what, compensation actions were taken for the executive officers who are identified in the Fiscal 2009 Summary Compensation Table below. We refer to these executives as our named executives.

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

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

promote a performance- and achievement-oriented environment;

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

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

offer the opportunity for greater compensation for superior performance, balanced by the risk of lower compensation when performance is less successful;

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

emphasize equity as the primary component of long-term compensation to ensure that pay opportunities are linked to stockholder returns.

Since our compensation programs are designed to reward achievement of corporate objectives, our programs change from time to time as those objectives change. The specific principles followed and decisions made in establishing the compensation of the named executives in fiscal 2009 are discussed in more detail below.

**Components of Compensation.** The major components of our executive compensation program are the following:

base salaries, which reflect, in part, individual performance as well as salaries that are competitive in the marketplace;

annual cash incentive compensation based on the achievement by the company of financial and safety goals, and in some cases, individual performance;

long-term stock-based incentive compensation provided through the granting of stock options and time- and performance-based restricted stock;

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retirement and potential change of control benefits; and

other executive benefits, including perquisites.

Each component is discussed in detail below under Our Executive Compensation Program.

**The Compensation Setting Process.** Our board of directors has delegated to the compensation committee the responsibility of overseeing our executive compensation program. The compensation committee annually reviews and sets the compensation for our executive officers. For more information about the compensation committee's responsibilities, see Board of Directors and Committee Composition Compensation Committee and the committee's charter, which is available in the Governance section of our website at <http://www.tdw.com>.



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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 these recommendations based on the competitive market information generated by the compensation consultant, the company's compensation strategy, his assessment of individual performance, and the experience level of the particular executive. The committee discusses with the chief executive officer his recommendations 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 Towers Perrin and determines changes to compensation levels based on our compensation strategy and its assessment of his performance. The compensation committee reports to the board of directors on all compensation matters regarding our executives and other key salaried employees.

Role of Compensation Consultant. Our compensation committee uses Towers Perrin to assist in its ongoing review and analysis of our executive compensation program. Towers Perrin has been the primary compensation consultant for the committee for over six years. In addition, since 2006, we have retained Stern Stewart & Co. to provide specific guidance on developing and utilizing a particular performance metric (the measure of economic value added or EVA) as the major component of our annual incentive plan. <sup>®</sup>EVA registered trademark of Stern Stewart & Co. The use of EVA and Stern Stewart's role in its development are discussed in greater detail below in Annual Cash Incentive Compensation.

Towers Perrin has no service or other relationship with the company except its role as primary consultant to our compensation committee as disclosed in this proxy statement. In fiscal 2008 and 2009, Towers Perrin provided a variety of services and information. The key objectives of the assignment in fiscal 2008 in terms of setting compensation for fiscal 2009 were:

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

to provide a special proxy compensation analysis developing total remuneration levels for a peer group of companies, which is made up of 21 industry peer energy service companies;

to provide an analysis of share usage and share availability under our long-term incentive plan;

to construct a wealth accumulation analysis; and

to review trends in executive compensation.

The scope of the Towers Perrin compensation analysis involved collecting competitive market information on base salary, annual incentives and long-term incentives. Base salaries and bonus opportunities for the upcoming fiscal year are determined and equity awards are typically made in March of each year. We endeavor to use the most current information available when making compensation decisions. Since cash compensation decisions for fiscal 2009 disclosed in this proxy statement were made shortly before the end of fiscal 2008 and the equity awards reported in this proxy statement were made late in fiscal 2009, two separate Towers Perrin analyses were used to set fiscal 2009 compensation.

In both analyses, Towers Perrin compared our executive compensation to their most recent data for three separate groups: a group of peer energy services companies, the Towers Perrin Oilfield Service Compensation Survey, and a survey of general industry companies. The companies included in each of these three groups for the fiscal 2009 cash compensation analysis are listed on Annex A to this proxy statement; the companies included in each of the three groups for the fiscal 2009 equity grants are listed on Annex B.

Towers Perrin's general industry survey includes a large number of companies of various sizes. In addition, Towers Perrin applies a regression analysis to size-adjust the data for companies with similar revenues to Tidewater, wherever possible. The particular companies included in those surveys with annual revenues of between \$1 billion and \$3 billion (the range in which our revenues fall) are also identified in Annexes A and B.

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**Analysis.** We target our executive pay at the level that generally approximates the 50th percentile of the comparison companies and the size-adjusted general industry survey. We review our actual and target total direct compensation (which is made up of base salary, target and actual annual cash incentive compensation and long-term incentive compensation) in conjunction with the Towers Perrin analyses in order to determine whether target total direct compensation is likely to fall at the range that we have targeted. We aim to keep salary somewhat below the median, annual incentive opportunities above the median and long-term incentives at the approximate median.

In late fiscal 2008, the committee also reviewed for the first time a wealth accumulation analysis prepared by company management that presented current wealth accumulation and valued each element of compensation that the executive could accumulate in the next five years under various scenarios of continuing employment and retirement. For this review, total compensation included all aspects of the named executive's total cash compensation from continuing employment, the future value of current equity holdings and future equity awards, value of projected shares to be sold over the next five years and projected retirement benefits. The purpose of this analysis was to allow the committee to understand the total wealth potential of past and future compensation and benefit plans and to see how current compensation decisions may affect future wealth accumulation. In fiscal 2009, Towers Perrin prepared a wealth accumulation analysis for the committee's consideration. The purpose of the analysis was to assess past, present and future value generated by all company sponsored compensation arrangements including past equity grants, future cash compensation, future equity grants and pension and defined contribution plan benefits. The analysis considered several different stock price scenarios. The committee used the wealth accumulation analysis as a method to gauge whether the wealth accumulated by the named executives was generally in line with peer companies, recognizing that tenure and age of the executive can have a significant impact on the amount of wealth accumulated.

**Our Executive Compensation Program.** We compensate our named executives principally by using a combination of short-term compensation (salary and annual cash incentive payouts) and long-term compensation (the deferred portion of our annual cash incentives, stock options and restricted stock). We do not have a specific policy for the allocation of compensation between short-term and long-term compensation or cash and equity compensation. Rather, it is our policy to strongly emphasize the at-risk performance-based elements of compensation by keeping the salary portion of total compensation lower than that of our peer companies. Maintaining below the median salary levels also allows us to appropriately manage our fixed cash obligations in our cyclical industry. By using a higher salary percentage 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 substantially 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. We believe it is important to base a portion of our executives' incentive compensation on the appreciation in value of our common stock in order to align the interests of our executives with the interests of our stockholders. We also believe it is important that our long-term compensation include a performance component. We select performance goals that we believe best reflect the principal drivers of our business and financial performance and create stockholder value.

**Base Salary.** We review salary levels for named executives annually based on a variety of factors, including individual performance, annual incentive bonus payout amounts, general market salary levels, our company's overall financial condition, and industry conditions. After reviewing these factors, we increased the salary levels of each of the named executives who served for all of fiscal 2009 by 4%, except that Mr. Bennett's salary was increased by 22% in connection with his promotion to executive vice president during fiscal 2009. In recruiting new executive officers, we are prepared to offer competitive salaries and did so when we hired Mr. Fanning as an executive vice president and our chief financial officer during fiscal 2009.

**Annual Cash Incentive Compensation.** We pay annual cash incentives for the purpose of rewarding financial, safety, and for the named executives except for the chief executive officer individual performance during the year.

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In fiscal 2007 the compensation committee began working with Stern Stewart to institute an annual incentive program that was based primarily on the EVA to our company during the fiscal year and our safety performance.

EVA<sup>®</sup> 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 develop an EVA-driven culture throughout the company and to give us an adequate opportunity to evaluate the long-term effectiveness of the new system. The compensation committee has also used EVA as a performance measure in triggering the lapse of restrictions on recent grants of restricted stock.

In addition to the EVA component, we also include a safety performance component in our annual incentive program 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, our excellent safety record helps us to minimize our insurance premiums and overall cost of doing business.

The annual incentive award established for our chief executive officer was based upon EVA and safety results and is earned under our Executive Officer Annual Incentive Plan. To preserve the tax deductibility of his compensation, the annual bonus of our chief executive officer is entirely based on company performance goal achievement without a subjective individual performance component. Annual awards paid to our other named executives are paid under our Management Annual Incentive Plan. These awards are also based upon EVA and safety performance, but are subject to adjustment based on evaluations of individual performance by the chief executive officer and the compensation committee.

We calculate our 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, our 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. EVA is our principal performance measure because we believe that it is the best measure of the value that the members of our management team add to capital invested by our stockholders. By focusing on our financial performance as a function of our invested capital, our management is incentivized to make prudent investments in assets that are capable of providing a strong return on capital.

At the beginning of 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 based upon the Towers Perrin analysis and the participant's position and ability to directly influence our financial and safety performance. The percentage of salary that the named executive is eligible to receive increases or decreases based upon the company's performance above or below the target performance goals, and awards can be earned even if EVA decreases from the prior fiscal year, although such awards would be prorated appropriately to reflect the shortfall. There is no cap placed on the annual bonus opportunity for the named executives other than our chief executive officer, whose bonus potential for fiscal 2009 was capped at \$3 million.

### **Generation of the Bonus Pool**

We establish a target bonus pool each year that is derived by aggregating the percentage of salary amounts set by the committee for all plan participants and then applying a factor for the Company's EVA and a separate factor for safety performance. The target bonus pool for participants based on a percentage of salary is as follows:

75% of the pool is generated and declared based on the company's EVA performance.

The remaining 25% of the pool is based upon the company's achievement of Total Reported Incident Rate (TRIR) safety objectives.

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At EVA and safety performance levels above and below the target levels, the 75%/25% relationship components may change. In addition, the 25% safety component can be increased for exceptional safety performance, such that the executive could be paid up to 37.5% of the target bonus amount based upon safety performance.

### EVA Criteria

We determine our EVA by subtracting a charge for capital employed from net operating profit after taxes ( NOPAT ). NOPAT generally equals revenues, less operating expenses, depreciation expense, general and administrative expenses, other income and expenses and taxes on operating profit. 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 2009, as in 2007 and 2008, 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).

When we implemented the EVA-based incentive bonus program, we established a target for fiscal 2007, 2008 and 2009 that required a \$5 million improvement in EVA each year over actual EVA for the prior year in order for the target bonus award to be achieved. For example, since EVA for fiscal 2008 was \$154.1 million, EVA for fiscal 2009 had to be at least \$159.1 million for the target to be met. Failure to achieve the EVA target in any fiscal year would result in reduced incentive awards and EVA of less than \$109.8 million would have generated no EVA bonus amount for fiscal 2009.

The targeted \$5 million improvement in annual EVA was based upon a study by Stern Stewart and its recommendation of the appropriate level after considering the company's past performance and taking into account that, because of the volatility in the company's business sector, EVA levels can fluctuate substantially from year to year. The \$5 million additional EVA target was set as a realistic goal for sustainable annual improvement in return on invested capital. Fiscal 2008 generated EVA of \$154.1 million (a \$6.7 million increase over fiscal 2007 EVA) and raised the level of EVA performance that would have to be achieved in fiscal 2009 in order for the target EVA level to be achieved.

In order to limit volatility in annual incentive payouts and to tie payouts to sustainable value creation, on Stern Stewart's recommendation, we also created a bonus bank to which a portion of the bonus based upon EVA is subject, as described below. A portion of the bonus that is determined by the company's EVA in any given year 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 declared EVA bonus is credited to a participant's personal bonus bank account each year, with a maximum annual payout of

up to the lesser of the declared EVA portion or 150% of the target bonus, and

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.

For executive officers other than the chief executive officer, 25% of the maximum payout amount for the EVA portion may be reduced or eliminated based upon a subjective assessment of the officer's individual performance by the chief executive officer and the compensation committee.

### Safety Criteria

The safety performance measurement is determined by achievement of the established safety performance goals for the fiscal year, which is based upon our TRIR per 200,000 work hours. The TRIR goal for fiscal 2009

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was 0.19, which was a 5% targeted improvement in our average safety performance levels over the preceding two years and an 8% targeted improvement over the preceding five year average.

A TRIR below a certain level will entitle a participant to a safety payment in an amount that is greater than 25% of the pool funding amount and which may be up to 150% of 25% of the target pool funding amount. The safety performance portion of the pool operates independently from the EVA portion, and the EVA bonus bank does not impact the payout based upon safety performance.

**Calculation of Annual Incentive**

For fiscal 2009, the Company's EVA was \$42 million over fiscal 2008 EVA. The committee recognized and anticipated when the \$5 million additional EVA target was set that in very successful years the EVA added could substantially exceed the \$5 million target. Historically, changes in EVA from year to year have been substantial and EVA results as recently as fiscal 2005 were negative. Superior EVA results in a particular year provide an aggressive target for subsequent fiscal years where an improvement on prior superior performance is required to meet the new target. The \$42 million EVA improvement results of 2009 will present such an aggressive target for fiscal 2010.

Fiscal 2009 EVA was calculated as follows:

	(in thousands)
Net Operating Profit After Tax (NOPAT)	\$ 385,413
Less: Charge For Capital Employed	-189,247
<b>EVA</b>	<b>\$ 196,166</b>

The calculation of EVA was made in accordance with the EVA program design that we established in consultation with Stern Stewart when the program was initiated in fiscal 2007.

NOPAT for the year ended March 31, 2009 equals revenues (vessel revenues and other marine service revenues) less operating expenses (vessel operating costs, costs of other marine service revenues, depreciation and amortization, general and administrative expenses as decreased by approximately \$.5 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 income and expenses, net less foreign exchange losses, less a charge of 17.2% for estimated income taxes on operating profit.

The charge for capital employed equals average total capital employed of \$2.1 billion multiplied by the weighted average cost of capital of 9%. Total capital employed at March 31, 2009 equals current assets plus the allowance for doubtful accounts, investments in and advances to unconsolidated companies, net properties and equipment as decreased by approximately \$403.2 million primarily for the effect of vessels under construction, goodwill as increased by \$35.5 million for the effect of accumulated goodwill amortization, other assets as decreased by \$31.4 million, primarily for the effect of deferred tax assets; less accounts payable, accrued expenses and accrued property and liability losses, less other current liabilities as decreased by \$18.6 million, primarily for the effect of income taxes payable. Average capital was further decreased by \$178.6 million for the effect of cumulative gains on sales of assets and by \$72.5 million for the cumulative effect of discontinued operations, net of tax. Average capital was further increased by \$20.3 million for the effect of cumulative asset impairments, net of tax. Cumulative adjustments give effect to such items beginning in fiscal 1996.

The TRIR for fiscal 2009 of 0.18 was better than the targeted 0.19, which generated a payment equal to 120% of the total target level bonus payout.

Each of the named executives received 100% of the potential individual performance portion of the annual incentive award, except for Mr. Taylor whose 2009 bonus does not have an individual performance component and except for Mr. Lousteau who retired in September of 2008, and whose annual incentive award was contractually set by his retirement agreement.

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For purposes of awarding the individual performance portion of the annual incentive award to the named executives, we relied on the judgment of our chief executive officer in assessing their individual performances. We did not use specific performance metrics or goals as part of that individual assessment in fiscal 2009. In the case of Mr. Fanning, his leadership in continuing to maintain our overall financial discipline (including the ability to fund our vessel building commitments without the occurrence of additional company debt) and to bolster the company's financing/acquisition analytical and implementation capabilities were important factors in his award. In the case of Mr. Dick, his management of our new vessel building program in a challenging shipyard environment, his important role in maintaining and advancing key partnership and other relationships, and his oversight of vessel dispositions at appropriate times and on favorable terms were key factors in awarding his full individual performance portion. Mr. Platt's leadership in all aspects of our operations, including the management of vessel day rates and utilization, maintenance and creation of constructive customer relationships and the incorporation of increasingly sophisticated new vessels into our fleet profile were instrumental to his full award. Finally, in the case of Mr. Bennett, his continued interface with the investment community and his work in budgeting and forecasting in a challenging macroeconomic environment were the basis for his award.

For each of our named executives, we have set forth in the table below information on the incentive award amounts.

Named Executive	Target % of Annualized Salary	Target Amount of Incentive Award	Incentive Award Based Upon Fiscal 2009 EVA	Incentive Award Based Upon Fiscal 2009 Safety	Portion of Total Incentive Award Based Upon Individual Performance	Total Amount of Incentive Award Earned	Total Cash Incentive Award Paid (Including Amounts Paid from Bonus Bank)	Amount Paid as a % of Annualized Salary
Dean E. Taylor	120%	\$ 717,600	\$ 937,404	\$ 215,280	N/A	\$ 1,152,684	\$ 1,169,453	195.6%
Quinn P. Fanning(1)	67.3%	201,875	179,482	60,563	\$ 59,827	324,273	299,872	100%
J. Keith Lousteau(2)	95%	311,220	N/A	N/A	N/A	N/A	N/A	N/A
Stephen W. Dick	95%	302,328	301,498	90,698	100,499	485,631	492,696	154.8%
Jeffrey M. Platt	95%	306,280	301,894	91,884	100,631	491,979	494,409	153.4%
Joseph M. Bennett	95%	237,500	228,923	71,250	76,308	381,497	376,481	150.6%

(1) Because Mr. Fanning joined our company in July of 2008, he had a lower bonus opportunity for fiscal 2009.

(2) Mr. Lousteau retired as executive vice president and chief financial officer on September 30, 2008. The bonus of \$286,912 that he received was provided for in his Retirement Agreement. It was equal to the average of his bonuses earned for the last three fiscal years pro rated for the period he was employed in fiscal year 2009. As a result of his retirement, he also received his entire bonus bank balance of \$134,670.

**Long-term Incentive Compensation.** We grant long-term incentive compensation in the form of restricted stock and stock options annually to our named executives. In fiscal 2009 we received data from Towers Perrin from its long-term incentive survey, oilfield services compensation survey and peer group data which provided information as to the expected value of long-term incentives. As in past years, we targeted the approximate median of the companies included in Towers Perrin's Oilfield Services Compensation Survey, where the value of the long-term incentives granted was presented as a multiple of salary at various salary levels. We also generally use a multiple of an executive's base salary to determine the overall grant size. The multiple used for any particular executive is based on Towers Perrin's recommendation for that executive and reflects the nature and scope of the executive's duties. When making awards of stock options and restricted stock to the named executives, we generally allocate approximately 50% of total value to restricted stock and 50% of total value to options. We now utilize restricted stock equally with options as a result of the changes in the accounting treatment of options, stock plan limits on shares available for grant and the historic volatility of our stock price. In addition, we believe that granting restricted stock provides our named executives with a significant equity ownership opportunity, and we further note that restricted stock is widely used among our competitors. In such a cyclical industry, the use of restricted stock in addition to options encourages executives to remain with our company even during periods of stock price volatility. As much of our recent grants of restricted stock have been tied to performance hurdles, we are placing added emphasis on financial performance goals, as well as providing rewards for growth in the value of our common stock.

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In order to formalize our stock option grant procedures, in fiscal 2008 we adopted a stock option grant policy that provides for annual grants to be made at a regularly scheduled compensation committee meetings held in March of each year. Grants may also be made by the committee at other times in the event of a new hire or promotion. No backdating of options is permitted. If a grant is approved during a blackout period when there exists material non-public information about the company, the committee will consider the effect of the non-public information as part of the approval process. Information relating to the stock options and shares of restricted stock granted to our named executives is set forth in the 2009 Summary Compensation Table and the 2009 Grants of Plan-Based Awards Table.

*Stock Options.* The number of stock options granted to an executive is based upon the executive's position and level of responsibility. In accordance with the terms of our stock plans, the option exercise price for all stock options is at least equal to the closing price of our common stock on the date options are granted. We do not re-price stock options. Stock options granted in fiscal 2009 vest one-third per year following grant and expire after ten years.

*Restricted Stock.* We also base our restricted stock grant levels on the named executive's position and responsibility. Shares of restricted stock are subject to forfeiture and vest in accordance with certain performance and continued employment requirements. For 2009, two-thirds of each named executive officer's grant of restricted stock is time-based, as the shares will vest based on continued employment in four equal tranches over the next four years. The remaining one-third of each grant is subject to the satisfaction of pre-established performance targets. The performance-based shares will vest following fiscal 2013, provided the simple average of the preceding four fiscal years of return on capital employed (SAROC) exceeds 10%, as shown below:

SAROC	Percentage of Shares Vesting
(fiscal 2013 year end)	(any remaining restricted shares are cancelled)
10% or less	no vesting; all shares cancelled
11%	20%
12%	40%
13%	60%
14%	80%
15% or more	all shares vest

The number of shares that vest are prorated for SAROC between 10% and 15%. The named executives have voting and dividend rights on their restricted stock and dividends are paid to them currently. We provided for vesting after completion of a full four-year period rather than annual vesting in order to emphasize long-term, multi-year performance and value creation.

*Grants Made to New Executive Officer in Fiscal 2009 Mr. Fanning.* On July 31, 2008, Mr. Fanning joined our company and the compensation committee granted him stock options and shares of restricted stock. The options will vest one-third per year over the next three years and the shares of restricted stock will vest 25% per year if cumulative EVA increases \$5 million per year above the EVA for fiscal 2008. At the end of four years all unvested restricted stock will vest, regardless of EVA performance. The amounts of these grants are disclosed in the table Grants of Plan-Based Awards.

*Impact of Retirement on Outstanding Options and Restricted Stock Mr. Lousteau.* Mr. Lousteau retired from our company on September 30, 2008, and in recognition of his more than 30 years of service to our company, the compensation committee vested all of his previously granted and unvested stock options and restricted stock. He was not awarded any additional restricted stock or stock options during fiscal 2009.

*Other Benefits.* Our named executives participate in employee benefit plans generally available to all employees. In addition, we provide our named executives with supplemental retirement and savings programs and certain perquisites provided only to executive officers.

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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. We reviewed this policy during fiscal 2007. We continue to believe that this is an appropriate and reasonable practice because it increases the level of safety and security for Mr. Taylor and his family. Furthermore, commercial travel has become more inefficient in recent years. Making the aircraft available to Mr. Taylor maximizes his availability to conduct business before, during and after flights and allows him to travel on short notice, quickly take advantage of business opportunities and respond to emergencies. For certain international travel, use of the corporate airplane is impractical and Mr. Taylor does fly commercially in those instances.

The value of the use of the corporate airplane for personal travel by Mr. Taylor during 2009 was \$120,572, valued at the incremental cost to the company of such personal travel as required by the Securities and Exchange Commission for proxy statement disclosure purposes. Mr. Taylor was also reimbursed for his income tax liability related to his personal use of the company airplane. Mr. Taylor's reimbursement of \$27,300 for the income tax liability incurred as a result of his personal use of the airplane resulted from Internal Revenue Service regulations valuing such personal use at an amount in excess of the incremental cost of such travel to our company.

Other perquisites for fiscal 2009 consist primarily of club dues for one country club membership for each named executive, financial planning services, lunch club memberships, and executive medical benefits.

We have set forth the incremental cost of providing these perquisites to our named executives in a separate table that is included in a footnote to the All Other Compensation column of the 2009 Summary Compensation Table.

**Severance and Change of Control Agreements.** To ensure continuity and the continued dedication of our executives during any period of uncertainty caused by a possible change of control of our company, we have entered into Change of Control Agreements with our executives, including each of our named executives. When Mr. Fanning joined our company in July 2008, he also entered into a change-in-control agreement with us. 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.

**Retirement Agreement with Mr. Lousteau.** During fiscal 2009, we entered into a Retirement Agreement with Mr. Lousteau in anticipation of his retirement from the position of chief financial officer of the company effective September 30, 2008. Mr. Lousteau also entered into a consulting agreement with us under which he will provide certain consulting services for two years following his retirement date, subject to our right to extend the consulting arrangement for an additional two years.

Under the Retirement Agreement, Mr. Lousteau received a lump sum payment equal to the sum of:

one and one-half times his annual salary at the time of his retirement,

one and one-half times the average bonus earned by him in the three prior fiscal years (including accruals set aside in the bonus bank), and

a pro-rated bonus for the fiscal year ended March 31, 2009 based on the average bonus earned by him (including accruals set aside in the bonus bank) for the three prior fiscal years.

In addition, Mr. Lousteau's health, disability and life insurance benefits will continue through May 31, 2010. All of Mr. Lousteau's previously granted but unvested stock options and restricted stock vested upon retirement. The Retirement Agreement requires Mr. Lousteau to keep confidential company nonpublic information known to him and not to compete with the Company after his retirement. During the initial two-year term of the consulting agreement, Mr. Lousteau will be paid at an hourly rate of \$200 for his services, which amount will be increased to \$250 per hour if we exercise our option to extend the term.



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**Retirement Benefits.** We also provide a non-qualified deferred compensation plan, which acts as a supplement to our 401(k) plan, and a SERP that operates as a supplement to our qualified pension plan, or in the case of Messrs. Fanning and Platt, a supplement to our qualified retirement plan, which is a defined contribution plan. Both of these plans are designed to provide retirement benefits to our officers that the officers are precluded from receiving under the underlying qualified plans due to the compensation and benefits limits in the Internal Revenue Code. These plans are described in more detail in Executive Compensation 2009 Pension Benefits and Executive Compensation 2009 Non Qualified Deferred Compensation.

**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 adopted by the Board in September of 2007 for the company's directors and officers and reevaluated by the compensation committee in fiscal 2009, our directors and officers are required to hold the following values in the form of company stock within five years of becoming a director or officer (the director's annual cash retainer or the officer's base salary is multiplied by the appropriate multiple):

5x for the chief executive officer and all directors.

3x for the chief operating officer, chief financial officer and executive vice presidents.

2x for all other officers.

If an officer's ownership guideline increases because of a change in title or if a new officer or director is added, a five-year period to achieve the incremental guideline begins in January following the year of the title change or addition as a director or officer. The deferred stock units granted to directors each year count as shares of company stock under the guidelines.

Once achieved, ownership of the guideline amounts must be maintained for as long as the director or officer is subject to the guidelines.

**\$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 each of our most highly-compensated executive officers. Stock options and restricted stock granted by us in fiscal 2009 are designed to qualify as performance-based and to be excluded in calculating the \$1 million limit of Section 162(m). The annual bonus paid to Mr. Taylor for fiscal 2009 under the 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.

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The following table summarizes, for the fiscal year ended March 31, 2009, the compensation paid to each of our named executive officers in all capacities in which they served.

**FISCAL 2009 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 Nonqualified Deferred Compensation	All Other Compensation(6)	Total
							Earnings (\$)(5)		
Dean E. Taylor Chairman, President and Chief Executive Officer	2009	\$ 598,000		\$ 1,514,063	\$ 927,231	\$ 1,169,453	\$ 743,260	\$ 257,672	\$ 5,209,679
	2008	\$ 575,000		\$ 996,724	\$ 753,420	\$ 931,508	\$ 1,743,344	\$ 244,984	\$ 5,244,980
	2007	\$ 575,000		\$ 662,276	\$ 367,689	\$ 1,378,301	\$ 1,962,508	\$ 112,539	\$ 5,058,313
Quinn P. Fanning(10) Executive Vice President and Chief Financial Officer	2009	\$ 197,701	\$ 59,827	0	\$ 703,987	\$ 240,045		\$ 18,103	\$ 1,219,663
J. Keith Lousteau(11) Former Executive Vice President and Chief Financial Officer	2009	\$ 163,800		\$ 1,629,600	0		\$ 762,636	\$ 1,829,058	\$ 4,385,094
	2008	\$ 315,000	\$ 100,998	\$ 360,917	\$ 255,858	\$ 302,993	\$ 811,759	\$ 51,370	\$ 2,198,895
	2007	\$ 315,000	\$ 122,508	\$ 242,136	\$ 132,564	\$ 475,255	\$ 754,173	\$ 20,602	\$ 2,062,238
Jeffrey M. Platt Executive Vice President	2009	\$ 322,400	\$ 100,631	\$ 492,268	\$ 334,648	\$ 393,778	\$ 92,038	\$ 58,877	\$ 1,794,640
	2008	\$ 310,000	\$ 97,622	\$ 341,999	\$ 255,673	\$ 292,866	\$ 190,437	\$ 57,161	\$ 1,545,758
	2007	\$ 282,525	\$ 98,550	\$ 223,361	\$ 132,564	\$ 448,276	\$ 126,352	\$ 24,631	\$ 1,336,259
Stephen W. Dick Executive Vice President	2009	\$ 318,240	\$ 100,499	\$ 484,500	\$ 330,329	\$ 392,197	\$ 219,327	\$ 56,119	\$ 1,901,211
	2008	\$ 306,000	\$ 98,112	\$ 322,920	\$ 236,742	\$ 294,336	\$ 654,831	\$ 57,720	\$ 1,970,661
	2007	\$ 306,000	\$ 113,058	\$ 218,413	\$ 123,774	\$ 461,676	\$ 700,796	\$ 26,888	\$ 1,950,605
Joseph M. Bennett(12) Executive Vice President, Chief Investor Relations Officer	2009	\$ 250,000	\$ 76,308	\$ 423,938	\$ 259,498	\$ 300,173	\$ 51,594	\$ 47,112	\$ 1,408,623

(1) Represents the individual performance portion of our annual cash incentive program.

(2) The dollar value of restricted stock set forth in this column is the compensation cost we recognized during the respective fiscal years for financial statement purposes in accordance with FAS 123R related to all restricted stock grants with vesting during the respective fiscal years, except no assumptions for forfeitures were included. A discussion of the assumptions used in calculating the compensation costs is set forth in Note 7 to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2009. Please see the Grants of Plan-Based Awards Table for more information regarding the stock awards we granted in fiscal 2009.

(3) The dollar value of stock option awards set forth in this column is the compensation cost we recognized during the respective fiscal years for financial statement purposes in accordance with FAS 123R related to all stock option grants with vesting during the respective fiscal years, except no assumptions for forfeitures were included. A discussion of the assumptions used in calculating the compensation costs is set forth in Note 7 to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2009. Please see the Grants of Plan-Based Awards Table for more information regarding the stock

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option awards we granted in fiscal 2009.

- (4) Represents amounts paid to our named executive officers based on company performance under our Management Annual Incentive Plan and our Executive Officer Annual Incentive Plan, as applicable.
- (5) Consists of the change from the prior fiscal year in each named executive officer's pension value under our qualified Pension Plan and our non-qualified Supplemental Executive Retirement Plan.

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- (6) Includes (i) matching contributions to the company's 401(k) plan and Supplemental Savings Plan, (ii) retirement plan contributions for the account of Mr. Platt who participates in a qualified defined contribution plan and not in our Pension Plan, (iii) a prorated annual cash incentive paid to Mr. Lousteau on his retirement, (iv) a cash severance payment to Mr. Lousteau on his retirement, (v) health care premium payments under our Executive Medical Plan, (vi) reimbursement for income tax liability incurred by inclusion in taxable income under the Internal Revenue Code of the value of personal use of corporate aircraft, (vii) financial planning and income tax preparation, (viii) dividends paid on restricted stock held by our named executive officers, and (ix) the value of perquisites, including parking, club memberships and the use of the company airplane by Mr. Taylor for personal use, as set forth below:

Name	401(k) Plan and Supplemental Savings Plan Contributions	Retirement Plan Contributions	Prorated Annual Cash Incentive Paid on Retirement(7)	Cash Severance Payment(7)	Executive Medical Plan	Income Tax Reimbursement(8)
Mr. Taylor	\$ 17,940	\$ 0	\$ 0	\$ 0	\$ 8,291	\$ 27,300
Mr. Fanning	\$ 5,625	\$ 0	\$ 0	\$ 0	\$ 5,527	\$ 0
Mr. Lousteau	\$ 4,537	\$ 0	\$ 421,582	\$ 1,364,686	\$ 4,145	\$ 0
Mr. Platt	\$ 9,672	\$ 6,993	\$ 0	\$ 0	\$ 8,291	\$ 0
Mr. Dick	\$ 9,547	\$ 0	\$ 0	\$ 0	\$ 8,291	\$ 0
Mr. Bennett	\$ 7,238	\$ 0	\$ 0	\$ 0	\$ 8,291	\$ 0

Name	Financial Planning and Income Tax Return Preparation	Dividends	Parking	Club Memberships	Consulting Payments	Use of Corporate Airplane(9)
Mr. Taylor	\$ 14,847	\$ 57,324	\$ 4,626	\$ 6,772	\$ 0	\$ 120,572
Mr. Fanning	\$ 0	\$ 4,983	\$ 855	\$ 1,113	\$ 0	\$ 0
Mr. Lousteau	\$ 9,414	\$ 10,553	\$ 2,017	\$ 1,865	\$ 10,259	\$ 0
Mr. Platt	\$ 8,685	\$ 20,484	\$ 4,107	\$ 645	\$ 0	\$ 0
Mr. Dick	\$ 8,441	\$ 19,388	\$ 4,107	\$ 6,345	\$ 0	\$ 0
Mr. Bennett	\$ 7,500	\$ 15,262	\$ 4,107	\$ 4,714	\$ 0	\$ 0

- (7) These payments were made in connection with Mr. Lousteau's retirement and are discussed in detail under the heading Compensation Discussion and Analysis Retirement Agreement. Includes \$12,552 in earned but unused vacation.
- (8) Mr. Taylor was reimbursed for his income tax liability related to his personal use of the company airplane.
- (9) Our board of directors, for security reasons, has required that Mr. Taylor complete all domestic and select international air travel, both business and personal, aboard the company's airplane. We calculate the aggregate incremental cost of Mr. Taylor's personal use by multiplying the number of hours of personal use by the hourly cost to operate the airplane, adding in incidental expenses.
- (10) Mr. Fanning joined our company on July 17, 2008.
- (11) Mr. Lousteau retired from the company on September 30, 2008.
- (12) Fiscal 2009 was the first year in which Mr. Bennett was a Named Executive Officer of the company included in the Summary Compensation Table.

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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 executive officers during the fiscal year ended March 31, 2009.

**FISCAL 2009 GRANTS OF PLAN-BASED AWARDS**

Name	Type of Grant	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards		Estimated Future Payouts Under Equity Incentive Plan Awards(3)		All Other Stock Awards: Number of Stock or Units(4)	All Other Awards: Number of Securities Underlying Options(5)	Exercise or Base Price of Option Awards (\$/Sh)(6)	Grant Date Fair Value of Stock and Option Awards \$(7)
			Target (\$)	Maximum (\$)	Threshold (#)	Maximum (#)				
Dean E. Taylor	Annual Cash Incentive		717,600	3,000,000(1)						
	Time-Based Restricted Stock Grant	03/05/2009					32,498			1,099,107
	Performance-Based Restricted Stock Grant	03/05/2009			1	16,249				549,703
	Option Grant	03/05/2009						92,538	33.83	927,231
Quinn P. Fanning	Annual Cash Incentive		201,875		(2)					
	Time-Based Restricted Stock Grant	7/30/2008					6,644			410,732
	Option Grant	7/30/2008						20,652	61.82	392,595
	Time-Based Restricted Stock Grant	03/05/2009					10,914			369,220
	Performance-Based Restricted Stock Grant	03/05/2009			1	5,457				184,610
	Option Grant	03/05/2009						31,077	33.83	311,392