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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2020

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to .

Commission file number: 1-6311

Tidewater Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation)
6002 Rogerdale Road, Suite 600
Houston, Texas
(Address of principal executive offices)

72-0487776
(I.R.S. Employer Identification No.)

77072
(Zip Code)

Registrant's telephone number, including area code: (713) 470-5300

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 par value per share	TDW	New York Stock Exchange
Preferred stock purchase rights	N/A	New York Stock Exchange
Series A Warrants to purchase shares of common stock	TDW.WS.A	New York Stock Exchange
Series B Warrants to purchase shares of common stock	TDW.WS.B	New York Stock Exchange
Warrants to purchase shares of common stock	TDW.WS	NYSE American

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes ☒ No ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of June 30, 2020, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was $224.0 million based on the closing sales price as reported on the New York Stock Exchange of $5.59.

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☒ No ☐

As of February 28, 2021, 40,715,611 shares of the registrant's common stock, $0.001 par value per share, were outstanding. Registrant has no other class of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement to be filed in connection with its 2021 annual meeting of stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K.

TIDEWATER INC.

FORM 10-K

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

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FORWARD-LOOKING STATEMENT

In accordance with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, this Annual Report on Form 10-K and the information incorporated herein by reference contain certain forward-looking statements which reflect our current view with respect to future events and future financial performance. Forward-looking statements are all statements other than statements of historical fact. All such forward-looking statements are subject to risks and uncertainties, and our future results of operations could differ materially from our historical results or current expectations reflected by such forward-looking statements. Some of these risks are discussed in this Annual Report on Form 10-K including in Item 1A. “Risk Factors” and include, without limitation, fluctuations in worldwide energy demand and oil and natural gas prices, and continuing depressed levels of oil and natural gas prices without a clear indication of if, or when, prices will recover to a level to support renewed offshore exploration activities; fleet additions by competitors and industry overcapacity; our limited capital resources available to replenish our asset base as needed, including through acquisitions or vessel construction, and to fund our capital expenditure needs; uncertainty of global financial market conditions and potential constraints in accessing capital or credit if and when needed with favorable terms, if at all; changes in decisions and capital spending by customers in the energy industry and the industry expectations for offshore exploration, field development and production; consolidation of our customer base; loss of a major customer; changing customer demands for vessel specifications, which may make some of our older vessels technologically obsolete for certain customer projects or in certain markets; rapid technological changes; delays and other problems associated with vessel maintenance; the continued availability of qualified personnel and our ability to attract and retain them; the operating risks normally incident to our lines of business, including the potential impact of liquidated counterparties; our ability to comply with covenants in our indentures and other debt instruments; acts of terrorism and piracy; the impact of regional or global public health crises or pandemics; the impact of potential information technology, cybersecurity or data security breaches; integration of acquired businesses and entry into new lines of business; disagreements with our joint venture partners; natural disasters or significant weather conditions; unsettled political conditions, war, civil unrest and governmental actions, such as expropriation or enforcement of customs or other laws that are not well developed or consistently enforced; the risks associated with our international operations, including local content, local currency or similar requirements especially in higher political risk countries where we operate; interest rate and foreign currency fluctuations; labor changes proposed by international conventions; increased regulatory burdens and oversight; changes in laws governing the taxation of foreign source income; retention of skilled workers; enforcement of laws related to the environment, labor and foreign corrupt practices; the potential liability for remedial actions or assessments under existing or future environmental regulations or litigation; the effects of asserted and unasserted claims and the extent of available insurance coverage; and the resolution of pending legal proceedings.

Forward-looking statements, which can generally be identified by the use of such terminology as “may,” “can,” “potential,” “expect,” “project,” “target,” “anticipate,” “estimate,” “forecast,” “believe,” “think,” “could,” “continue,” “intend,” “seek,” “plan,” and similar expressions contained in this Annual Report on Form 10-K, are not guarantees or assurances of future performance or events. Any forward-looking statements are based on our assessment of current industry, financial and economic information, which by its nature is dynamic and subject to rapid and possibly abrupt changes, which we may or may not be able to control. Further, we may make changes to our business plans that could or will affect our results. While management believes that these forward-looking statements are reasonable when made, there can be no assurance that future developments that affect us will be those that we anticipate and have identified. The forward-looking statements should be considered in the context of the risk factors listed above and discussed in greater detail elsewhere in this Annual Report on Form 10-K. Investors and prospective investors are cautioned not to rely unduly on such forward-looking statements, which speak only as of the date hereof. Management disclaims any obligation to update or revise any forward-looking statements contained herein to reflect new information, future events or developments.

In certain places in this Annual Report on Form 10-K, we may refer to reports published by third parties that purport to describe trends or developments in energy production and drilling and exploration activity and we specifically disclaim any responsibility for the accuracy and completeness of such information and have undertaken no steps to update or independently verify such information.

PART I

This section highlights information that is discussed in more detail in the remainder of the document.

ITEM 1. BUSINESS

Tidewater Inc., a Delaware corporation that is a listed company on the New York Stock Exchange (NYSE) under the symbol "TDW", provides offshore marine support and transportation services to the global offshore energy industry through the operation of a diversified fleet of marine service vessels. We were incorporated in 1956 and conduct our operations through wholly-owned United States (U.S.) and international subsidiaries, as well as through joint ventures in which Tidewater has either majority or non-controlling interests (generally where required to satisfy local ownership or local content requirements). Unless otherwise required by the context, the terms "we", "us", "our" and "the company" as used herein refer to Tidewater Inc. and its consolidated subsidiaries and predecessors.

On July 31, 2017, Tidewater successfully emerged from Chapter 11 bankruptcy proceedings and adopted fresh-start accounting.

About Tidewater

Our vessels and associated vessel services provide support primarily for all phases of offshore oil and natural gas exploration, field development and production as well as windfarm development and maintenance. These services include towing of, and anchor handling for, mobile offshore drilling units; transporting supplies and personnel necessary to sustain drilling, workover and production activities; offshore construction and seismic and subsea support; geotechnical survey support for windfarm construction, and a variety of specialized services such as pipe and cable laying. In addition, we have one of the broadest geographic operating footprints in the offshore vessel industry.

Our principal customers are large, international integrated and independent oil and natural gas exploration, field development and production companies (IOCs); select mid-sized and smaller independent exploration and production (E&P) companies; foreign government-owned or government-controlled organizations and other related companies that explore for, develop and produce oil and natural gas (NOCs); drilling contractors; and other companies that provide various services to the offshore energy industry, including but not limited to, offshore construction companies, windfarm development companies, diving companies and well stimulation companies.

Our active offshore support vessel fleet consists primarily of company owned vessels. As of December 31, 2020, we owned 149 active vessels of which 35 have been temporarily stacked or withdrawn from service. In addition, we owned 23 vessels that have been designated for sale and have been classified as such on the Balance Sheet. Please refer to Notes (1) and (8) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for additional information regarding our stacked vessels and vessels held for sale.

Our revenues, net earnings and cash flows from operations are largely dependent upon the activity level of our offshore support vessel fleet. Our business activity is largely dependent on offshore exploration, field development and production activity by our customers. Our customers' business activity, in turn, is dependent on actual and expected crude oil and natural gas prices, which fluctuate depending on expected future levels of supply and demand for crude oil and natural gas, and on estimates of the cost (and relative cost) of finding, developing and producing reserves.

Depending on vessel capabilities and availability, our vessels operate in the shallow, intermediate and deepwater offshore markets. Deepwater oil and gas development typically involves significant capital investment and multi-year development plans. Although these projects are generally less susceptible to short-term fluctuations in the price of crude oil and natural gas, deepwater exploration and development projects are generally more costly than other onshore and offshore exploration and development. As a result, the sustained low levels of crude oil prices over the past few years have caused, and may continue to cause, many E&P companies to restrain their level of capital expenditures in regard to deepwater projects. Offshore windfarm developments are forecasted to increase over the coming years, and these may provide additional opportunities for a certain cross-section of our larger vessels. These projects generally require fewer and more specialized vessels.

Revenues are derived primarily from vessel time charter or similar contracts that are generally from three months to several years in duration, and, to a lesser extent, from vessel time charter contracts on a "spot" basis, which is a short-term agreement ranging from one day to three months to provide offshore marine services to a customer for a specific short-term job. The base rate of hire for a term contract is generally a fixed rate, though some charter arrangements allow us to recover specific additional costs.

COVID-19 Pandemic

In early 2020, it became evident that a novel coronavirus originating in Asia (COVID-19) could become a pandemic with worldwide reach. By mid-March, when the World Health Organization declared the outbreak to be a pandemic (the COVID-19 pandemic), much of the industrialized world had initiated severe measures to lessen its impact. The ongoing COVID-19 pandemic created significant volatility, uncertainty, and economic disruption throughout 2020. With respect to our particular sector, the COVID-19 pandemic resulted in a much lower demand for oil as national, regional, and local governments impose travel restrictions, border closings, restrictions on public gatherings, stay at home orders, and limitations on business operations in order to contain its spread. During this same time period, oil-producing countries struggled to reach consensus on worldwide production levels, resulting in both a market oversupply of oil and a precipitous fall in oil prices. Several vaccines were developed and approved during 2020, but distribution of the vaccines is not expected to create general immunity until the latter half of 2021 at the earliest.

Combined, these conditions adversely affected our operations and business beginning in late March 2020 and continuing through the remainder 2020 and, in spite of the approval and distribution of the vaccines and the gradual reopening of economies, we expect our operations and business during 2021 to continue to be negatively impacted. The reduction in demand for hydrocarbons together with a decline in the price of oil has resulted in our primary customers, the oil and gas companies, making material reductions to their planned spending on offshore projects, compounding the effect of the virus on offshore operations. Further, these conditions, separately or together, are expected to continue to impact the demand for our services, the utilization and/or rates we can achieve for our assets and services, and the outlook for our industry in general. See further discussion of the impact of COVID-19, including the resulting crude oil demand and price impact, on our operations in 2020 and our responses to the challenges of these events in Management's Discussion and Analysis of Financial Condition and Results of Operations under Item 7 of this Annual Report on Form 10-K.

Business Combination

On November 15, 2018 (the Merger Date), we completed our acquisition of GulfMark Offshore, Inc. (GulfMark) pursuant to the Agreement and Plan of Merger, dated July 15, 2018 (the business combination). The business combination was effected through a two-step reverse merger. GulfMark's results are included in our consolidated results beginning on the Merger Date. Refer to Note 2 of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for further details on our merger with GulfMark.

Upon consummation of the business combination, GulfMark stockholders received 1.10 (the Exchange Ratio) shares of Tidewater common stock in exchange for each share of GulfMark common stock owned. Additionally, all outstanding GulfMark warrants issued to stockholders prior to the business combination and restricted stock units granted to GulfMark directors and management prior to the business combination were converted into substantially similar warrants or restricted stock awards to acquire Tidewater common stock with the number of warrants or restricted stock units being adjusted by the Exchange Ratio. Immediately following the completion of the business combination, the former Tidewater stockholders and GulfMark stockholders owned 74% and 26% of the combined company, respectively. The business combination resulted in a total purchase consideration of $385.5 million.

Offices and Facilities

Our worldwide headquarters and principal executive offices are located at 6002 Rogerdale Road, Suite 600, Houston, Texas 77072, and our telephone number is (713) 470-5300. Our U.S. marine operations are based in Amelia, Louisiana and Houston, Texas. We conduct our international operations through facilities and offices located in over 30 countries. Our principal international offices and/or warehouse facilities, most of which are leased, are located in Rio de Janeiro and Macae, Brazil; Ciudad Del Carmen, Mexico;Chaguaramus, Trinidad; Aberdeen, Scotland; Cairo, Egypt; Luanda and Cabinda, Angola; Lagos and Onne Port, Nigeria; Douala, Cameroon; Singapore; Al Khobar, Kingdom of Saudi Arabia; Dubai, United Arab Emirates; and Oslo, Sandnes, Norway. Our operations generally do not require highly specialized facilities, and suitable facilities are generally available on a leased basis as required.

Reporting Segments and Vessel Classifications

Our reporting segments are based on geographic markets: the Americas segment, which includes the U.S. Gulf of Mexico, Trinidad, Mexico and Brazil; the Middle East/Asia Pacific segment, which includes Saudi Arabia, East Africa, Southeast Asia and Australia; the Europe/Mediterranean segment, which includes the United Kingdom, Norway and Egypt; and the West Africa segment; which includes Angola, Nigeria, and other coastal regions of West Africa. Our vessels routinely move from one geographic region and reporting segment to another, and from one operating area to another operating area within the geographic regions and reporting segments. Discussed below are our three major vessel classes along with a description of the type of vessels categorized in each vessel class and the services the respective vessels typically perform.

Deepwater Vessels

Deepwater vessels, in the aggregate, are usually our largest contributor to consolidated vessel revenue and vessel operating margin. Included in this vessel class are large platform supply vessels (PSVs) (typically longer than 230-feet and/or with greater than 2,800 tons in dead weight cargo carrying capacity) and large, higher-horsepower anchor handling tug supply vessels (AHTS vessels) (generally greater than 10,000 horsepower). These vessels are generally chartered to customers for use in transporting supplies and equipment from shore bases to deepwater and intermediate water depth offshore drilling rigs and production platforms and for otherwise supporting intermediate and deepwater drilling, production, construction and maintenance operations. Deepwater PSVs generally have large cargo carrying capacities, both below deck (liquid mud tanks and dry bulk tanks) and above deck. Deepwater AHTS vessels are equipped to tow drilling rigs and other marine equipment, as well as to set anchors for the positioning and mooring of drilling rigs that generally do not have dynamic positioning capabilities. Many of our deepwater PSVs and AHTS vessels are outfitted with dynamic positioning capabilities, which allow the vessels to maintain an absolute or relative position when mooring to an offshore installation, rig or another vessel is deemed unsafe, impractical or undesirable. Many of our deepwater PSVs and AHTS vessels also have oil recovery, firefighting, standby rescue and/or other specialized equipment. Our customers have high standards in regard to safety and other operational competencies and capabilities, in part to meet the regulatory standards that continue to be more stringent.

Our deepwater class of vessels also includes specialty vessels that can support offshore well stimulation, construction work, subsea services and/or serve as remote accommodation facilities. These vessels are generally available for routine supply and towing services, but are also outfitted, and primarily intended, for specialty services. For example, these vessels can be equipped with a variety of lifting and deployment systems, including large capacity cranes, winches or reel systems.

Towing-Supply Vessels

Included in this class are non-deepwater AHTS vessels with horsepower below 10,000 BHP, and non-deepwater PSVs that are generally less than 230 feet in length. The vessels in this class perform the same respective functions and services as deepwater AHTS vessels and deepwater PSVs except towing-supply vessels are generally chartered to customers for use in intermediate and shallow waters.

Other Vessels

Included in this class are crew boats, utility vessels and offshore tugs. Crew boats and utility vessels are chartered to customers for use in transporting personnel and supplies from shore bases to offshore drilling rigs, platforms and other installations. These vessels are also often equipped for oil field security missions in markets where piracy, kidnapping or other potential violence presents a concern. Offshore tugs are used to tow floating drilling rigs and barges; to assist in the docking of tankers; and to assist pipe laying, cable laying and construction barges.

Customers and Contracting

Our operations are dependent upon the levels of activity in offshore crude oil and natural gas exploration, field development and production throughout the world, which are affected by trends in global crude oil and natural gas pricing, including expectations of future commodity pricing, which are ultimately influenced by the supply and demand relationship for these natural resources. The activity levels of our customers are also influenced by the cost (and relative cost) of exploring for and producing crude oil and natural gas offshore, which can be affected by environmental regulations, technological advances that affect energy production and consumption, significant weather conditions, the ability of our customers to raise capital, and local and international economic and political environments, including government mandated moratoriums.

Our primary source of revenue is derived from time charter contracts on our vessels on a rate per day of service basis; therefore, vessel revenues are recognized on a daily basis throughout the contract period.

The following table discloses our customers that accounted for 10% or more of total revenues:

	Years Ended		
	December 31, 2020	December 31, 2019	December 31, 2018
Chevron Corporation	14.3%	13.0%	15.0%
Saudi Aramco	11.5%	*	*

* Less than 10% of total revenues.

While it is normal for our customer base to change over time as our vessel time charter contracts turn over, the unexpected loss of any of our significant customers could, at least in the short term, have a material adverse effect on our vessel utilization and our results of operations. Our five and ten largest customers accounted for approximately 41.8% and 59.8% of our total revenues for the year ended December 31, 2020, respectively.

Competition

We have numerous mid-size and large competitors. The principal competitive factors for the offshore vessel service industry are the quality, suitability and technical capabilities of our vessels, availability of vessels and related equipment, price and quality of service. In addition, the ability to demonstrate a strong record for safety and efficiency and attract and retain qualified and skilled personnel are also important competitive factors. We have numerous competitors in all areas in which we operate around the world, and the business environment in each of these markets is highly competitive. Competition in international markets may be adversely affected by regulations requiring, among other things, local construction, flagging, ownership or control of vessels, the awarding of contracts to local contractors, the employment of local citizens and/or the purchase of supplies from local vendors.

Our diverse, mobile asset base and the wide geographic distribution of our assets generally enable us to respond relatively quickly to changes in market conditions and to provide a broad range of vessel services to customers around the world. We believe that the size, age, diversity and geographic distribution of a vessel operator's fleet, economies of scale and experience level in the many areas of the world are competitive advantages in our industry. In the Americas region, we benefit from cabotage which includes rules and restrictions promulgated thereunder by the Merchant Marine Act of 1920 and the Shipping Act, 1916, as amended, (collectively, the Jones Act), which limit vessels that can operate in the U.S. Gulf of Mexico to those owned by companies that qualify as U.S. citizens. Also, in certain foreign countries, preferences given to vessels owned by local companies may be mandated by local law or by national oil companies. We have attempted to mitigate some of the impact of such preferences through affiliations with local companies.

Increases in worldwide vessel capacity generally have the effect of lowering charter rates, particularly when there are lower levels of exploration, field development and production activity in the oil and natural gas industry, as has been the case since late calendar 2014 when oil prices began to trend lower. In addition, the COVID-19 pandemic has created additional oversupply as customers have cancelled or delayed projects as discussed above.

Angolan Joint Venture (Sonatide)

We previously disclosed the significant financial and operational challenges that we confront with respect to operations in Angola, as well as steps that we have taken to address or mitigate those risks. Most of our attention has been focused in three areas: (i) reducing the net receivable balance due from Sonatide, our Angolan joint venture with Sonangol, for vessel services; (ii) reducing the foreign currency risk created by virtue of provisions of Angolan law that require that payment for a portion of the services provided by Sonatide be paid in Angolan kwanza; and (iii) optimizing opportunities, consistent with Angolan law, for services provided by us to be paid for directly in U.S. dollars. The amounts due from Sonatide are denominated in U.S. dollars; however, the underlying third-party customer payments to Sonatide were satisfied, in part, in Angolan kwanzas. We and Sonangol, our partner in Sonatide, have had discussions regarding how the net losses from the devaluation of certain Angolan kwanza denominated accounts should be shared. In late 2019, we were informed that, as part of a broad privatization program, Sonangol intends to seek to divest itself from Sonatide.

In the second quarter of 2020, Sonatide declared a $35.0 million dividend. On June 22, 2020, Sonangol received $17.8 million and we received $17.2 million. Our share of the dividend is reflected as dividend income from unconsolidated company in the consolidated statement of operations because (i) our investment in Sonatide had previously been written down to zero, (ii) the distributions are not refundable and (iii) we are not liable for the obligations of or committed to provide financial support to Sonatide. In addition, as a result of the aforementioned dividend payment, the cash balances of the joint venture were significantly reduced and we determined that, as a result, a significant portion of our net due from Sonatide balance was compromised. During the year ended December 31, 2020, we recorded a $40.9 million affiliate credit loss impairment expense.

Refer to Note 5 of Notes to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for further details on Sonatide.

Nigerian Joint Venture (DTDW)

We own 40% of DTDW in Nigeria. Our partner, who owns 60%, is a Nigerian national. DTDW owns one offshore service vessel and has long term debt of $4.7 million which is secured by the vessel and guarantees from the DTDW partners. We also operate company owned vessels in Nigeria for which the joint venture receives a commission. As of December 31, 2020, we had no company owned vessels operating in Nigeria and the DTDW owned vessel was not employed. At the beginning of 2020 we had expected that we would be operating numerous vessels in Nigeria, but in the second quarter of 2020 the COVID-19 pandemic and resulting oil price reduction caused our primary customer in Nigeria to eliminate all planned operations for 2020. As a result, the near-term cash flow projections indicate that DTDW does not have sufficient funds to meet its obligations to us or to the holder of its long-term debt. Therefore, we recorded affiliate credit loss impairment expense totaling $12.1 million. In addition, based on our analysis we determined that DTDW will be unable to pay its debt obligation and the debt will not be satisfied by liquidating the vessel and, as a result, we recorded additional impairment expense of $2.0 million for our expected share of the obligation guarantee during the year ended December 31, 2020.

Refer to Note 5 of Notes to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for further details on the Nigerian joint venture.

International Labour Organization's Maritime Labour Convention

The International Labour Organization's Maritime Labour Convention, 2006 (the MLC) mandates globally, among other things, seafarer living and working conditions (accommodations, wages, conditions of employment, health and other benefits) aboard ships that are engaged in commercial activities. Since its initial entry into force on August 20, 2013, 90 countries have now ratified the MLC.

We maintain certification of our vessels to MLC requirements, perform maintenance and repairs at shipyards, and make port calls during ocean voyages in accordance with the MLC based on the dates of enforcement by countries in which we operate. Additionally, where possible, we continue to work with identified flag states to seek substantial equivalencies to comparable national and industry laws that meet the intent of the MLC and allow us to standardize operational protocols among our fleet.

Government Regulation

We are subject to various U.S. federal, state and local statutes and regulations governing the ownership, operation and maintenance of our vessels. Our U.S. flagged vessels are subject to the jurisdiction of the U.S. Coast Guard, the U.S. Customs and Border Protection, and the U.S. Maritime Administration. We are also subject to international laws and conventions and the laws of international jurisdictions where we operate.

Under the citizenship provisions of the Jones Act, we would not be permitted to engage in the U.S. coastwise trade if more than 25% of our outstanding stock were owned by non-U.S. Citizens as defined by the Jones Act. For a company engaged in the U.S. coastwise trade to be deemed a U.S. citizen: (i) it must be organized under the laws of the United States or of a state, territory or possession thereof, (ii) each of the chief executive officer and the chairman of the board of directors of such corporation must be a U.S. citizen, (iii) no more than a minority of the number of directors of such corporation necessary to constitute a quorum for the transaction of business can be non-U.S. Citizens and (iv) at least 75% of the interest in such corporation must be owned by U.S. citizens. We have a dual stock certificate system to protect against non-U.S. Citizens owning more than 25% of our common stock. In addition, our charter provides us with certain remedies with respect to any transfer or purported transfer of shares of our common stock that would result in the ownership by non-U.S. Citizens of more than 24% of our common stock. Based on the latest information available to us, less than 24% of our outstanding common stock was owned by non-U.S. Citizens as of December 31, 2020.

Our vessel operations in the U.S. Gulf of Mexico (GOM) are considered to be coastwise trade. U.S. law requires that vessels engaged in the U.S. coastwise trade must be built in the U.S. and registered under U.S. flag. In addition, once a U.S. built vessel is registered under a non-U.S. flag, it cannot thereafter engage in U.S. coastwise trade. Therefore, our non-U.S. flagged vessels must operate outside of the U.S. coastwise trade zone. Of the total 149 active vessels that we owned or operated at December 31, 2020, 136 vessels were registered under flags other than the United States and 13 vessels were registered under the U.S. flag.

All of our offshore vessels are subject to either United States or international safety and classification standards or sometimes both. Deepwater PSVs, deepwater AHTS vessels, towing-supply vessels, and crew boats are required to undergo periodic inspections generally twice within every five year period pursuant to U.S. Coast Guard regulations. Vessels registered under flags other than the United States are subject to similar regulations and are governed by the laws of the applicable international jurisdictions and the rules and requirements of various classification societies, such as the American Bureau of Shipping.

We comply with the International Ship and Port Facility Security (ISPS) Code, an amendment to the Safety of Life at Sea (SOLAS) Convention (1974/1988), and further mandated in the Maritime Transportation and Security Act of 2002 to align United States regulations with those of the ISPS Code and SOLAS. Under the ISPS Code, we perform worldwide security assessments, risk analyses, and develops vessel and required port facility security plans to enhance safe and secure vessel and facility operations. Additionally, we have developed security annexes for those U.S. flag vessels that transit or work in waters designated as high risk by the U.S. Coast Guard pursuant to the latest revision of Maritime Security Directive 104-6.

Occupational Safety and Health Compliance

In the U.S., we are subject to the Occupational Safety and Health Act (OSHA) and other similar laws and regulations, which establish workplace standards for the protection of the health and safety of employees, including the implementation of hazard communications programs designed to inform employees about hazardous substances in the workplace, potential harmful effects of these substances, and appropriate control measures.

As described above, certain of the international jurisdictions in which we operate, including the U.K., have ratified the MLC, which establishes minimum requirements for working conditions of seafarers, including conditions of employment, hours of work and rest, grievance and complaints procedures, accommodations, recreational facilities, food and catering, health protection, medical care, welfare and social security protection. Although the U.S. is not a party to the MLC, U.S. flag vessels operating internationally must comply with the MLC when calling on a port in a country that is a party to the MLC.

Environmental Compliance

During the ordinary course of business, our operations are subject to a wide variety of environmental laws and regulations that govern the discharge of oil and pollutants into navigable waters. Violations of these laws may result in civil and criminal penalties, fines, injunctions and other sanctions. Compliance with the existing governmental regulations that have been enacted or adopted regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment has not had, nor is expected to have, a material effect on us. Environmental laws and regulations are subject to change, however, and may impose increasingly strict requirements, and, as such, we cannot estimate the ultimate cost of complying with such potential changes to environmental laws and regulations. Existing U.S. environmental laws and regulations to which we are subject include, but are not limited to:

- the Clean Air Act, which restricts the emission of air pollutants from many sources and imposes various preconstruction, operational, monitoring and reporting requirements, and that the U.S. Environmental Protection Agency has relied upon as the authority for adopting climate change regulatory initiatives relating to greenhouse gas emissions;

- the Clean Water Act, which regulates discharges of pollutants from facilities to state and federal waters and establishes the extent to which waterways are subject to federal jurisdiction and rulemaking as protected waters of the U.S.;

- the Oil Pollution Act of 1990, which subjects owners and operators of vessels, onshore facilities, and pipelines, as well as lessees or permittees of areas in which offshore facilities are located, to liability for removal costs and damages arising from an oil spill in waters of the United States;

- the Comprehensive Environmental Response, Compensation and Liability Act of 1980, which imposes liability on generators, transporters, and arrangers of hazardous substances at sites where hazardous substance releases have occurred or are threatening to occur; and

- U.S. Department of the Interior regulations, which govern oil and natural gas operations on federal lands and waters and impose obligations for establishing financial assurances for decommissioning activities, liabilities for pollution cleanup costs resulting from operations, and potential liabilities for pollution damages.

In the U.S. and abroad, we are subject to the International Convention for the Prevention of Pollution from Ships (MARPOL), an international convention that imposes environmental standards on the shipping industry relating to oil spills, management of garbage, the handling of certain substances, sewage and air emissions.

We are also involved in various legal proceedings that relate to asbestos and other environmental matters. The amount of ultimate liability, if any, with respect to these proceedings is not expected to have a material adverse effect on our financial position, results of operations, or cash flows. We are proactive in establishing policies and operating procedures for safeguarding the environment against any hazardous materials aboard our vessels and at shore-based locations.

Whenever possible, hazardous materials are maintained or transferred in confined areas in an attempt to ensure containment, if accidents were to occur. In addition, we have established operating policies that are intended to increase awareness of actions that may harm the environment, including being committed to responsible ship recycling in accordance with the Hong Kong convention and European Ship Recycling Regulation.

Safety

We are dedicated to ensuring the safety of our operations for our employees, our customers and any personnel associated with our operations. Tidewater's principal operations occur in offshore waters where the workplace environment presents many safety challenges. Management communicates frequently with company personnel to promote safety and instill safe work habits through the use of company media directed at, and regular training of, both our seamen and shore-based personnel. We dedicate personnel and resources to ensure safe operations and regulatory compliance. Our Director of Health, Safety, Environment and Security (HSES) Management is involved in numerous proactive efforts to prevent accidents and injuries from occurring. The HSES Director also reviews all incidents that occur, focusing on lessons that can be learned from such incidents and opportunities to incorporate such lessons into our on-going safety-related training. In addition, we employ safety personnel to be responsible for administering our safety programs and fostering our safety culture. Our position is that each of our employees is a safety supervisor with the authority and the obligation to stop any operation that they deem to be unsafe.

Risk Management

The operation of any marine vessel involves an inherent risk of marine losses (including physical damage to the vessel) attributable to adverse sea and weather conditions, mechanical failure, and collisions. In addition, the nature of our operations exposes us to the potential risks of damage to and loss of drilling rigs and production facilities, hostile activities attributable to war, sabotage, piracy and terrorism, as well as business interruption due to political action or inaction, including nationalization of assets by foreign governments. Any such event may lead to a reduction in revenues or increased costs. Our vessels are generally insured for their estimated market value against damage or loss, including war, acts of terrorism, and pollution risks, but we do not directly or fully insure for business interruption. We also carry workers' compensation, maritime employer's liability, director and officer liability, general liability (including third party pollution) and other insurance customary in the industry.

The continued threat of terrorist activity and other acts of war or hostility have significantly increased the risk of political, economic and social instability in some of the geographic areas in which we operate. It is possible that further acts of terrorism may be directed against the United States domestically or abroad, and such acts of terrorism could be directed against properties and personnel of U.S. headquartered companies such as ours. The resulting economic, political and social uncertainties, including the potential for future terrorist acts and war, could cause the premiums charged for the insurance coverage to increase. We currently maintain war risk coverage on our entire fleet.

We seek to secure appropriate insurance coverage at competitive rates, in part, by maintaining self-insurance up to certain individual and aggregate loss limits. We carefully monitor claims and actively participate in claims estimates and adjustments. Estimated costs of self-insured claims, which include estimates for incurred but unreported claims, are accrued as liabilities on our balance sheet.

We believe that our insurance coverage is adequate. We have not experienced a loss in excess of insurance policy limits; however, there is no assurance that our liability coverage will be adequate to cover claims that may arise. While we believe that we should be able to maintain adequate insurance in the future at rates considered commercially acceptable, we cannot guarantee that such insurance will continue to be available at commercially acceptable rates given the markets in which we operate. For further discussion of our risks see "Risk Factors" in Item 1A of this Annual Report on Form 10-K.

Environmental, Social and Governance Factors

We are committed to transparently reporting on environmental, social and governance (ESG) factors that may be relevant to Tidewater. There has been an increasing amount of ESG disclosure by publicly-listed companies in recent years and we expect this trend to continue. Increasing ESG disclosure may be driven by investor expectations, SEC requirements, regulation or in response to stakeholder concerns. We use internationally-recognized methods and reporting standards to measure and disclose our performance in relation to ESG factors. We have disclosed ESG-related information on our website and from 2021 will expand our disclosures in a formal ESG report, aligned with the Sustainability Accounting Standards Board (SASB) Marine Transportation standard, additionally taking into account recommendations provided by the Taskforce on Climate-Related Financial Disclosures (TCFD).

Seasonality

Our global vessel fleet generally has its highest utilization rates in the warmer months when the weather is more favorable for offshore exploration, field development and construction work in the oil and gas industry. Hurricanes, cyclones, the monsoon season, and other severe weather can negatively or positively impact vessel operations. In particular, our Gulf of Mexico (GOM) operations can be impacted by the Atlantic hurricane season from the months of June through November, when offshore exploration, field development and construction work tend to slow or halt in an effort to mitigate potential losses and damage that may occur to the offshore oil and gas infrastructure should a hurricane enter the area. However, demand for offshore marine vessels typically increases in the GOM in connection with repair and remediation work that follows any hurricane damage to offshore crude oil and natural gas infrastructure. Our vessels that operate offshore in India Southeast Asia and the Western Pacific are impacted by the monsoon season, which occurs across the region from November to April. Vessels that operate in the North Sea can be impacted by a seasonal slowdown in the winter months, generally from November to March. Although hurricanes, cyclones, monsoons and other severe weather can have a seasonal impact on operations, our business volume is more dependent on crude oil and natural gas pricing, global supply of crude oil and natural gas, and demand for our offshore support vessels and other services than on any seasonal variation.

Human Capital Management

Employees and Labor Relations:

As of January 1, 2021, we employ approximately 5,400 employees worldwide. Our global footprint has over 90% of our fleet working internationally in more than 30 countries. We are not a party to any union contract in the United States but through several subsidiaries are subject to union agreements covering local nationals in several countries other than the United States, most heavily in the North Sea with UK and Norwegian mariners.

Culture and Engagement

Company culture is a key focus for the Chief Human Resource Officer (CHRO) and the rest of the senior leadership. Tidewater's culture is promoted through its "7 Cs":

- Capability
- Collaboration
- Commitment
- Communication
- Compassion
- Compliance
- Courage

Our focus is on creating an environment where our colleagues feel respected, valued, and can contribute to their fullest potential. We leverage technology to promote online collaborative workspaces to bring our colleagues together across multiple time zones and geographies and create a global sense of community. In fiscal year 2020, the COVID-19 pandemic had a significant impact on our human capital management. A large majority of our onshore workforce has worked remotely beginning in the second quarter of 2020 and, for those who continue to work on site, we instituted safety protocols and procedures.

In October 2019, we conducted a global shore-based employee satisfaction survey using a leading outside firm that specializes in employee engagement. We had an above-average completion rate and the majority of respondents indicated satisfaction in their jobs. We see our positive employee engagement evidenced by our employee retention, with most of the employees who responded to our survey having been with us for at least 10 years. We plan to conduct this type of survey on a periodic basis and will use the information to work towards continuously improving our employees' environment.

Health and Safety

We maintain a safety culture grounded on the premise of eliminating workplace incidents, risks and hazards. We are dedicated to ensuring the safety of our operations for our employees, our customers and any personnel associated with our operations. Our principal operations occur in offshore waters where the workplace environment presents many safety challenges. Management communicates frequently with company personnel to promote safety and instill safe work habits through the use of company media directed at, and regular training of, both our mariners and shore-based personnel. We dedicate personnel and resources to ensure safe operations and regulatory compliance. In addition, we employ safety personnel who are responsible for administering our safety programs and fostering our safety culture and monitoring the results of our safety programs and initiatives. Our position is that each of our employees is a safety supervisor with the authority and the obligation to stop any operation that they deem to be unsafe.

By establishing practical safeguards against all identified risks, we take a consistent and proactive approach to minimizing the number of accidents, incidents and hazardous occurrences. We utilize both leading and lagging indicators to monitor the performance of our health and safety programs. Lagging indicators include the Total Recordable Incident Rate (TRIR) and the Lost Time Incident Rate (LTIR) based upon the number of incidents per one million working hours. Leading indicators include reporting and closure of all near miss events and Health, Safety and Environmental (HSE) training activities. In calendar year 2020, we achieved our lowest recordable incident rate on record, with a TRIR of 0.34, a LTIR of 0.0 and no work-related fatalities.

In 2020, we experienced significant challenges resulting from COVID-19. Revised safety protocols were immediately implemented and management in each area of operation ensured constant compliance with local government, customer and other restrictions and guidelines to help mitigate risk of exposure of our employees and contractors.

Inclusion and Diversity

We embrace the diversity of our team members, stakeholders and customers, including their unique backgrounds, experiences, thoughts and talents. Everyone is valued and appreciated for their distinct contributions to the growth and sustainability of our business. We strive to cultivate a culture and vision that supports and enhances our ability to recruit, develop and retain diverse talent at every level. We are an equal opportunity employer, with all qualified applicants receiving consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, disability or protected veteran status. We comply with all applicable employment, labor and immigration requirements, and require all of our personnel to cooperate with all compliance efforts. We have a policy of continuous improvement; opportunities to further connect and support collaboration between our diverse employee base continue to be identified and addressed with further investments in training, tools and systems.

We are committed to racial equality and fostering a culture of diversity and inclusion throughout our organization, a commitment that both starts with, and is reflected in, our board of directors. We have made diversity and inclusion an important part of our hiring and retention efforts. Our CHRO has primary responsibility for our human capital management strategy, including attracting, developing, engaging and retaining those talented employees. The CHRO is also responsible for the design of employee compensation and benefits programs in addition to promoting diversity and inclusion throughout the Company.

Available Information

We make available free of charge, on or through our website (www.tdw.com), our Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and other filings pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, (Exchange Act) and amendments to such filings, as soon as reasonably practicable after each is electronically filed with, or furnished to, the Securities and Exchange Commission (the SEC). The SEC maintains a website that contains our reports, proxy and information statements, and our other SEC filings. The address of the SEC's website is www.sec.gov. Information appearing on our website is not part of any report that we file with the SEC.

We have adopted a Code of Business Conduct and Ethics (Code), which is applicable to our directors, chief executive officer, chief financial officer, principal accounting officer, and other officers and employees on matters of business conduct and ethics, including compliance standards and procedures. The Code is publicly available on our website at www.tdw.com. We will make timely disclosure by a Current Report on Form 8-K and on our website of any change to, or waiver from, the Code for our chief executive officer, chief financial officer and principal accounting officer. Any changes or waivers to the Code will be maintained on our website for at least 12 months. A copy of the Code is also available in print to any stockholder upon written request addressed to Tidewater Inc., 6002 Rogerdale Road, Suite 600, Houston, Texas, 77072.

ITEM 1A. RISK FACTORS

The following discussion of risk factors contains forward-looking statements. These risk factors may be important to understanding other statements in this Annual Report on Form 10-K. The following information should be read in conjunction with Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes in Part II, Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

Our business, financial condition and operating results can be affected by a number of factors, whether currently known or unknown, including but not limited to those described below, any one or more of which could, directly or indirectly, cause our actual financial condition and operating results to vary materially from those anticipated, projected or assumed in the forward-looking statements. Any of these factors, in whole or in part, could materially and adversely affect our business, prospects, financial condition, results of operations, stock price and cash flows. These could also be affected by additional factors that apply to all companies generally which are not specifically mentioned below.

Summary of Risk Factors

Below is a summary of some of the principal risks and uncertainties that could materially adversely affect our business, financial condition, and results of operations. You should read this summary together with the more detailed description of each risk factor contained below.

Risks Relating to Our Business and Industry

- The COVID-19 pandemic may continue to have a material negative impact on our operations and business.
- Recent disruptions in the global market for oil and natural gas, which have led to market oversupply and depressed commodity prices, have adversely affected our operations and may, in the future, materially disrupt our operations and adversely impact our business and financial results.
- A substantial or an extended decline in oil and natural gas prices could result in lower capital spending by our customers.
- We derive a significant amount of revenue from a relatively small number of customers.

- The high level of competition on the offshore marine service industry could negatively impact pricing for our services.
- The rise in production of unconventional crude oil and natural gas resources could increase supply without a commensurate growth in demand which would negatively impact oil and natural gas prices.
- An increase in vessel supply without a corresponding increase in the working offshore rig count could exacerbate the industry’s currently oversupplied condition.
- Our insurance coverage and contractual indemnity protections may not be sufficient to protect us under all circumstances or against all risks.
- Maintaining our current fleet and acquiring vessels required for additional future growth require significant capital.
- We may not be able to renew or replace expiring contracts for our vessels.
- We may record additional losses or impairment charges related to our vessels.
- Cybersecurity attacks on any of our facilities, or those of third parties, may result in potential liability or reputational damage or otherwise adversely affect our business.
- Uncertain economic conditions may lead our customers to postpone capital spending or jeopardize our customers’ or other counterparties’ ability to perform their obligations.

Risks Relating to Our Indebtedness

- We may not be able to generate sufficient cash flow to meet our debt service and other obligations.
- Restrictive debt covenants may restrict our ability to raise capital and pursue our business strategies.
- The amount of our debt could have significant consequences for our operations and future prospects.
- We may not be able to obtain debt financing if and when needed with favorable terms, if at all.

Risks Relating to Our International and Foreign Operations

- We operate throughout the world and are exposed to risks inherent in doing business in countries other than the U.S.
- Global or regional public health crises and other catastrophic events could reduce economic activity resulting in lower commodity prices and could affect our crew rotations and entry into ports.

- We may have disruptions or disagreements with our foreign joint venture partners, which could lead to an unwinding of the joint venture.
- Our international operations expose us to currency devaluation and fluctuation risk.
- With our extensive international operations, we are subject to certain compliance risks under the Foreign Corrupt Practices Act, the United Kingdom Bribery Act or similar worldwide anti-bribery laws.

Risks Relating to Governmental Regulation

- There may be changes to complex and developing laws and regulations to which we are subject that would increase our cost of compliance and operational risk.
- Changes in U.S. and international tax laws and policies could adversely affect our financial results.
- Any changes in environmental regulations, including climate change and greenhouse gas restrictions, could increase the cost of energy and future production of oil and natural gas.
- Increasing attention to environmental, social and governance (ESG) matters may impact our business and some institutional investors may be discouraged from investing in the industry in which we operate.

Risks Relating to Our Employees

- We may have difficulty attracting, motivating and retaining executives and other key personnel.
- We may be subject to additional unionization efforts, new collective bargaining agreements or work stoppages.
- Certain of our employees are covered by both state and federal laws that may subject us to job-related claims.

Risks Relating to Our Securities

- Our common stock is subject to restriction on foreign ownership by non-U.S. Citizen stockholders.
- The market price of our securities is subject to volatility.
- Because we currently have no plans to pay cash dividends or other distributions on our common stock, you may not receive any return on investment unless you sell your common stock for a price greater than that which you paid for it.
- Our ability to raise capital in the future may be limited, which could make us unable to fund our capital requirements.
- Anti-takeover provisions and limitations on foreign ownership in our organizational documents could delay or prevent a change of control.

Risk Factors

Risks Relating to the COVID-19 Pandemic

The COVID-19 pandemic has adversely affected and may, in the future, have a material negative impact on our operations and business.

As discussed above in Item 1, it became evident that a novel coronavirus originating in Asia (COVID-19) could become a pandemic with worldwide reach. By mid-March, when the World Health Organization declared the outbreak to be a pandemic (the COVID-19 pandemic", much of the industrialized world had taken severe measures to lessen its impact. The ongoing COVID-19 pandemic has created significant volatility, uncertainty, and economic disruption.

The spread of COVID-19 to one or more of our locations, including our vessels, could significantly impact our operations. While we have implemented various protocols for both onshore and offshore personnel in efforts to limit the impact of COVID-19, there is no assurance that those efforts will be fully successful. The spread of COVID-19 to our onshore workforce could prevent us from supporting our offshore operations, we may experience reduced productivity as our onshore personnel works remotely, and any spread to our key management personnel may disrupt our business. Any outbreak on our vessels may result in the vessel, or some or all of a vessel crew, being quarantined and therefore impede the vessel's ability to generate revenue. We have experienced challenges in connection with our offshore crew changes due to health and travel restrictions related to COVID-19, and those challenges and/or restrictions may continue or worsen despite our efforts at mitigating them. To the extent the COVID-19 pandemic adversely affects our operations and business, it may also have the effect of heightening many of the other risks set forth in our SEC filings, such as those relating to our financial performance and debt obligations.

The full impact of the COVID-19 pandemic is unknown and is rapidly evolving. The extent to which it impacts our business and operations and ability to preserve our liquidity will depend on the severity, location, and duration of the effects and spread of the pandemic itself, the actions undertaken by national, regional, and local governments and health officials to contain the virus or treat its effects, and how quickly and to what extent economic conditions improve and normal business and operating conditions resume. As we cannot predict the duration or scope of this pandemic, the anticipated negative financial impact to our operating results cannot be reasonably estimated but could be both material and long-lasting. Additionally, the impact of COVID-19, and the volatile regional and global economic conditions stemming from the pandemic, may also precipitate or exacerbate other risks discussed in this Item 1A- Risk Factors and elsewhere in this report, any of which could have a material effect on us.

Recent disruptions in the global market for oil and natural gas, which have led to market oversupply and depressed commodity prices, have adversely affected our operations and may, in the future, materially disrupt our operations and adversely impact our business and financial results.

With respect to our particular sector, the COVID-19 pandemic has resulted in a much lower demand for oil as national, regional, and local governments impose travel restrictions, border closings, restrictions on public gatherings, stay at home orders, and limitations on business operations in order to contain its spread. During this same time period, oil-producing countries have struggled to reach consensus on worldwide production levels, resulting in both a market oversupply of oil and a precipitous fall in oil prices.

Combined, these conditions have adversely affected our operations and business beginning with the latter part of the first fiscal quarter of 2020 and we do expect our operations and business in 2021 to be negatively impacted. The reduction in demand for hydrocarbons together with an unprecedented decline in the price of oil has resulted in our primary customers, the oil and gas companies, making material reductions to their planned spending on offshore projects, compounding the effect of the virus on offshore operations. Further, these conditions, separately or together, may continue to impact the demand for our services, the utilization and/or rates we can achieve for our assets and services, and the outlook for our industry in general. Although, as of the date of this filing, oil-producing countries have reached a tentative agreement regarding future output, oil prices will remain depressed as long as the market is oversupplied and demand will remain depressed until global economic conditions improve.

Risks Relating to Our Business and Industry

The prices for oil and natural gas affect the level of capital spending by our customers. A substantial or an extended decline in oil and natural gas prices could result in lower capital spending by our customers.

Demand for our services depends substantially upon the level of activity in the oil and natural gas industry and, in particular, the willingness of oil and natural gas companies to make capital expenditures on exploration, drilling and production operations. Oil and natural gas prices and market expectations of potential changes in these prices significantly affect this level of activity. Prices for crude oil and natural gas are highly volatile and extremely sensitive to the respective supply/demand relationship for crude oil and natural gas. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 of this Annual Report on Form 10-K. Many factors affect the supply of and demand for crude oil and natural gas and, therefore, influence prices of these commodities, including:

- domestic and foreign supply of oil and natural gas, including increased availability of non-traditional energy resources such as shale oil and natural gas;
- prices, and expectations about future prices, of oil and natural gas;
- domestic and worldwide economic conditions, and the resulting global demand for oil and natural gas;
- the price and quantity of imports of foreign oil and natural gas including the ability of OPEC to set and maintain production levels for oil, and decisions by OPEC to change production levels;
- sanctions imposed by the U.S., the European Union (E.U.), or other governments against oil producing countries;
- the cost of exploring for, developing, producing and delivering oil and natural gas;
- the expected rates of decline in production from existing and prospective wells and the discovery rates of new oil and natural gas reserves;
- federal, state and local regulation relating to (i) exploration and drilling activities, (ii) equipment, material, supplies or services that we furnish, (iii) oil and natural gas exports and (iv) environmental or energy security matters;
- public pressure on, and legislative and regulatory interest within, federal, state and local governments to stop, significantly limit or regulate oil or natural gas production;
- weather conditions, natural disasters, and global or regional public health crises and other catastrophic events, such as the COVID-19 pandemic that began in early 2020;
- incidents resulting from operating hazards inherent in offshore drilling, such as oil spills;
- political, military and economic instability and social unrest in oil and natural gas producing countries, including the impact of armed hostilities involving one or more oil producing nations;
- advances in exploration, development and production technologies or in technologies affecting energy consumption;
- the price and availability of, and public sentiment regarding, alternative fuel and energy sources;
- uncertainty in capital and commodities markets; and
- domestic and foreign tax policies, including those regarding tariffs and duties.

A prolonged material downturn in crude oil and natural gas prices and/or perceptions of long-term lower commodity prices can negatively impact the development plans of exploration and production (E&P) companies and result in a significant decline in demand for offshore support services resulting in project modifications, delays or cancellations, general business disruptions, and delays in payment of, or nonpayment of, amounts that are owed to us. Moreover, declining or continuing depressed oil and natural gas prices may result in negative pressures on:

- our customer's capital spending and spending on our services;
- our charter rates and/or utilization rates;
- our results of operations, cash flows and financial condition;
- the fair market value of our vessels;
- our ability to refinance, maintain or increase our borrowing capacity;
- our ability to obtain additional capital to finance our business and make acquisitions or capital expenditures, and the cost of that capital; and
- the collectability of our receivables.

Moreover, higher commodity prices will not necessarily translate into increased demand for offshore support services or sustained higher pricing for offshore support vessel services, in part because customer demand is often driven by capital expenditure programs that are more focused on future commodity price expectations and not solely on current prices. Additionally, increased commodity demand may in the future be satisfied by land-based energy resource production and any increased demand for offshore support vessel services can be more than offset by an increased supply of offshore support vessels resulting from the construction of additional offshore support vessels.

We derive a significant amount of revenue from a relatively small number of customers.

For the years ended December 31, 2020 and 2019, our top five and ten largest customers accounted for a significant percentage of our total revenues. While it is normal for our customer base to change over time as our time charter contracts expire and are replaced, our results of operations, financial condition and cash flows could be materially adversely affected if one or more of these customers were to decide to interrupt or curtail their activities, in general, or their activities with us, terminate their contracts with us, fail to renew existing contracts with us, and/or refuse to award new contracts to us.

Our customer base has undergone consolidation and additional consolidation is possible.

Additional consolidation of oil and natural gas companies and other energy companies and energy services companies is possible. Consolidation reduces the number of customers for our equipment and services, and may negatively affect exploration, development and production activity as consolidated companies focus, at least initially, on increasing efficiency and reducing costs and may delay or abandon exploration activity with less promise. Such activity could adversely affect demand for our offshore services.

The high level of competition on the offshore marine service industry could negatively impact pricing for our services.

We operate in a highly competitive industry, which could depress charter and utilization rates and adversely affect our financial performance. We compete for business with our competitors on the basis of price; reputation for quality service; quality, suitability and technical capabilities of our vessels; availability of vessels; safety and efficiency; cost of mobilizing vessels from one market to a different market; and national flag preference. In addition, competition in international markets may be adversely affected by regulations requiring, among other things, local construction, flagging, ownership or control of vessels, the awarding of contracts to local contractors, the employment of local citizens and/or the purchase of supplies from local vendors.

The rise in production of unconventional crude oil and natural gas resources could increase supply without a commensurate growth in demand which would negatively impact oil and natural gas prices.

The rise in production of unconventional crude oil and natural gas resources in North America and the commissioning of a number of new large Liquefied Natural Gas (LNG) export facilities around the world have contributed to an over-supplied natural gas market. Production from unconventional resources has increased as drilling efficiencies have improved, lowering the costs of extraction. There has also been a buildup of crude oil inventories in the U.S. in part due to the increased development of unconventional crude oil resources. Prolonged increases in the worldwide supply of crude oil and natural gas, whether from conventional or unconventional sources, without a commensurate growth in demand for crude oil and natural gas may continue to depress crude oil and natural gas prices. A prolonged period of low crude oil and natural gas prices would likely have a negative impact on development plans of exploration and production companies, which in turn, may result in a decrease in demand for our offshore support vessel services.

An increase in vessel supply without a corresponding increase in the working offshore rig count could exacerbate the industry's currently oversupplied condition.

Over the past decade, the combination of historically high commodity prices and technological advances resulted in significant growth in deepwater exploration, field development and production. During this time, construction of offshore vessels increased significantly in order to meet projected requirements of customers and potential customers. Excess offshore support vessel capacity usually exerts downward pressure on charter day rates. Excess capacity can occur when newly constructed vessels enter the worldwide offshore support vessel market and also when vessels migrate between markets. A discussion about our vessel fleet appears in the "Vessel Utilization and Average Rates Per Segment" section of Item 7 in this Annual Report on Form 10-K.

In addition, the provisions of U.S. shipping laws restricting engagement of U.S. coastwise trade to vessels controlled by U.S. citizens may from time to time be circumvented by foreign competitors that seek to engage in trade reserved for vessels controlled by U.S. citizens and otherwise qualifying for coastwise trade. A repeal, suspension or significant modification of U.S. shipping laws, or the administrative erosion of their benefits, permitting vessels that are either foreign-flagged, foreign-built, foreign-owned, foreign-controlled or foreign-operated to engage in the U.S. coastwise trade, could also result in excess vessel capacity and increased competition, especially for our vessels that operate in North America.

An increase in vessel capacity without a corresponding increase in the working offshore rig count could exacerbate the industry's currently oversupplied condition, which may have the effect of lowering charter rates and utilization rates, which, in turn, would result in lower revenues.

Our insurance coverage and contractual indemnity protections may not be sufficient to protect us under all circumstances or against all risks.

Our operations are subject to the hazards inherent in the offshore oilfield business. These include blowouts, explosions, fires, collisions, capsizings, sinkings, groundings and severe weather conditions. Some of these events could be the result of (or exacerbated by) mechanical failure or navigation or operational errors. These hazards could result in personal injury and loss of life, severe damage to or destruction of property and equipment (including to the property and equipment of third parties), pollution or environmental damage and suspension of operations, increased costs and loss of business. Damages arising from such occurrences may result in lawsuits alleging large claims, and we may incur substantial liabilities or losses as a result of these hazards.

We carry what we consider to be prudent levels of liability insurance, and our vessels are generally insured for their estimated market value against damage or loss, including war, terrorism acts and pollution risks. While we maintain insurance protection and, as further described below, seek to obtain indemnity agreements from our customers requiring the customers to hold us harmless from some of these risks, our insurance and contractual indemnity protection may not be sufficient or effective to protect us under all circumstances or against all risks. Our insurance coverages are subject to deductibles and certain exclusions. We do not directly or fully insure for business interruption. The occurrence of a significant event not fully insured or indemnified against or the failure of a customer to meet its indemnification obligations to us could have a material and adverse effect on our results of operations and financial condition. Additionally, while we believe that we should be able to maintain adequate insurance in the future at rates considered commercially acceptable, we cannot guarantee that such insurance will continue to be available at commercially acceptable rates given the markets in which we operate.

In addition, our contracts are individually negotiated, and the levels of indemnity and allocation of liabilities in them may vary from contract to contract depending on market conditions, particular customer requirements and other factors existing at the time a contract is negotiated. Additionally, the enforceability of indemnification provisions in our contracts may be limited or prohibited by applicable law or may not be enforced by courts having jurisdiction, and we could be held liable for substantial losses or damages and for fines and penalties imposed by regulatory authorities. The law with respect to the enforceability of indemnities varies from jurisdiction to jurisdiction. Current or future litigation in particular jurisdictions, whether or not we are a party, may impact the interpretation and enforceability of indemnification provisions in our contracts. There can be no assurance that our contracts with our customers, suppliers and subcontractors will fully protect us against all hazards and risks inherent in our operations. There can also be no assurance that those parties with contractual obligations to indemnify us will be financially able to do so or will otherwise honor their contractual obligations.

Risks Related to Our Indebtedness

We may not be able to generate sufficient cash flow to meet our debt service and other obligations.

Our ability to make payments on our indebtedness and to fund our operations depends on our ability to maintain sufficient cash flows. Our ability to generate cash in the future, to a large extent, is subject to conditions in the oil and natural gas industry, including commodity prices, demand for our services and the prices we are able to charge for our services, general economic and financial conditions, competition in the markets in which we operate, the impact of legislative and regulatory actions on how we conduct our business and other factors, all of which are beyond our control.

Lower levels of offshore exploration and development activity and spending by our customers globally directly and significantly have impacted, and may continue to impact, our financial performance, financial condition and financial outlook.

Restrictive covenants in our Indenture and our amended and restated Troms credit agreement may restrict our ability to raise capital and pursue our business strategies.

The Indenture and the amended and restated Troms credit agreement contain certain restrictive covenants, including restrictions on the incurrence of debt and liens and our ability to make investments and restricted payments. These covenants limit our ability, among other things, to:

- incur additional indebtedness or liens;
- make certain investments or capital expenditures;
- consolidate, merge, sell, or otherwise dispose of all or substantially all of our assets; and
- pay dividends or make other distributions or repurchase or redeem our stock.

The Indenture, as amended, and the amended and restated Troms credit agreement also require us to comply with certain financial covenants, including maintenance of minimum liquidity and compliance with a minimum consolidated interest coverage ratio. We may be unable to meet these financial covenants or comply with these restrictive covenants, which could result in a default under our Indenture or the amended and restated Troms credit agreement. If a default occurs and is continuing, the Trustee or noteholders holding at least 25% of the aggregate principal amount of then outstanding notes under the Indenture and the lenders under the amended and restated Troms credit agreement may elect to declare all borrowings thereunder outstanding, together with accrued interest and other fees, to be immediately due and payable. If we are unable to repay our indebtedness when due or declared due, the noteholders and the lenders under the amended and restated Troms credit agreement will also have the right to foreclose on the collateral pledged to them, including the vessels, to secure the indebtedness. If such indebtedness were to be accelerated, our assets may not be sufficient to repay in full our secured indebtedness. Please refer to Note (4) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for additional information on the Indenture and amended and restated Troms credit agreement.

As a result of the restrictive covenants under the Indenture and the amended and restated Troms credit agreement, we may be prevented from taking advantage of business opportunities. In addition, the restrictions contained in the Indenture and the amended and restated Troms credit agreement, including a substantial make whole premium applicable to voluntary prepayment of obligations under the Indenture, may also limit our ability to plan for or react to market conditions, meet capital needs or otherwise restrict our activities or business plans and adversely affect our ability to finance our operations, refinance, enter into acquisitions, execute our business strategy, make capital expenditures, effectively compete with companies that are not similarly restricted or engage in other business activities that would be in our interest. In the future, we may also incur additional debt obligations that might subject us to additional and different restrictive covenants that could further affect our financial and operational flexibility. We cannot assure you that we will be granted waivers or amendments to these agreements if requested to obtain financial or operational flexibility or if for any reason we are unable to comply with these agreements, or that we will be able to refinance our debt on acceptable terms or at all.

The amount of our debt, including secured debt, and the restrictive covenants in our Indenture and the amended and restated Troms credit agreement could have significant consequences for our operations and future prospects.

Our level of indebtedness, and the restrictive covenants contained in the agreements governing our debt, could have important consequences for our operations, including:

- making it more difficult for us to satisfy our obligations under the agreements governing our indebtedness and increasing the risk that we may default on our debt obligations;
- requiring us to dedicate a substantial portion of our cash flow from operations to required payments on indebtedness, thereby reducing the availability of cash flow for working capital, capital expenditures, such as investing in new vessels, and other general business activities;

- requiring that we pledge substantial collateral, including vessels, which may limit flexibility in operating our business and restrict our ability to sell assets;
- limiting our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, debt service requirements, general corporate purposes and other activities;
- limiting management's flexibility in operating our business;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- diminishing our ability to successfully withstand a further downturn in our business or further worsening of macroeconomic or industry conditions; and
- placing us at a competitive disadvantage against less leveraged competitors.

We may not be able to obtain debt financing if and when needed with favorable terms, if at all.

If commodity prices remain depressed or decline or if E&P companies continue to assign a low priority to investments in offshore exploration, development and production, there could be a general outflow of credit and capital from the energy and energy services sectors and/or offshore-focused energy and energy service companies, as well as further efforts by lenders to reduce their loan exposure to the energy sector, impose increased lending standards for the energy and energy services sectors, increase borrowing costs and collateral requirements or refuse to extend new credit or amend existing credit facilities in the energy and energy services sectors. These potential negative consequences may be exacerbated by the pressure exerted on financial institutions by bank regulatory agencies to respond quickly and decisively to credit risk that develops in distressed industries. All of these factors may complicate the ability of borrowers to achieve a favorable outcome in negotiating solutions to even marginally stressed credits.

These factors could limit our ability to access debt markets, including for the purpose of refinancing or replacing our existing debt, cause us to refinance at increased interest rates, issue debt or enter into bank credit agreements with less favorable terms and conditions, which debt may require additional collateral and contain more restrictive terms, negatively impact current and prospective customers' willingness to transact business with us, or impose additional insurance, guarantee and collateral requirements, all of which result in higher borrowing costs and may limit our long- and short-term financial flexibility.

Risks Relating to Our Vessels

Maintaining our current fleet size and configuration and acquiring vessels required for additional future growth require significant capital.

Expenditures required for the repair, certification and maintenance of a vessel, some of which may be unplanned, typically increase with vessel age. Additionally, stacked vessels are not maintained with the same diligence as our marketed fleet. Depending on the length of time the vessels are stacked, we may incur additional costs to return these vessels to active service. These costs are difficult to estimate and may be substantial. These expenditures may increase to a level at which they are not economically justifiable and, therefore, to maintain our current fleet size we may seek to construct or acquire additional vessels. Also, customers may prefer modern vessels over older vessels, especially in weaker markets. The cost of repairing and/or upgrading existing vessels or adding a new vessel to our fleet can be substantial. Moreover, while our vessels are undergoing repair, upgrade or maintenance, they may not earn a day rate during the period they are out of service.

While we expect our cash on hand, cash flow from operations and borrowings under new debt facilities to be adequate to fund our future potential purchases of additional vessels, our ability to pay these amounts is dependent upon the success of our operations. We can give no assurance that we will have sufficient capital resources to build or acquire the vessels required to expand or to maintain our current fleet size and vessel configuration.

We may not be able to renew or replace expiring contracts for our vessels.

We have a number of charters that expired in 2020 and others that will expire in 2021. Our ability to renew or replace expiring contracts or obtain new contracts, and the terms of any such contracts, will depend on various factors, including market conditions and the specific needs of our customers. Given the highly competitive and historically cyclical nature of our industry, we may not be able to renew or replace the contracts or we may be required to renew or replace expiring contracts or obtain new contracts at rates that are below, and potentially substantially below, existing day rates, or that have terms that are less favorable to us than are the terms of our existing contracts, or we may be unable to secure contracts for these vessels. This could have a material adverse effect on our financial condition, results of operations and cash flows.

The early termination of contracts on our vessels could have an adverse effect on our operations and our backlog may not be converted to actual operating results for any future period.

Most of the long-term contracts for our vessels and all of our contracts with governmental entities and national oil companies contain early termination options in favor of the customer, in some cases permitting termination for any reason. Although some of these contracts have early termination remedies in our favor or other provisions designed to discourage our customers from exercising such options, we cannot assure you that our customers would not choose to exercise their termination rights in spite of such remedies or the threat of litigation with us. Moreover, many of the contracts for our vessels have a term of one year or less and can be terminated with 90 days or less notice. Unless such vessels can be placed under contract with other customers, any termination could temporarily disrupt our business or otherwise adversely affect our financial condition and results of operations. We might not be able to replace such business or replace it on economically equivalent terms. In those circumstances, the amount of backlog could be reduced and the conversion of backlog into revenue could be impaired. Additionally, because of depressed commodity prices, adverse changes in credit markets, economic downturns, changes in priorities or strategy or other factors beyond our control, a customer may no longer want or need a vessel that is currently under contract or may be able to obtain a comparable vessel at a lower rate. For these reasons, customers may seek to renegotiate the terms of our existing contracts, terminate our contracts without justification or repudiate or otherwise fail to perform their obligations under our contracts. In any case, an early termination of a contract may result in one or more of our vessels being idle for an extended period of time. Each of these results could have a material adverse effect on our financial condition, results of operations and cash flows.

We may record additional losses or impairment charges related to our vessels.

We review the vessels in our active fleet for impairment whenever events occur or changes in circumstances indicate that the carrying value of an asset group may not be recoverable and we also perform a review of our stacked vessels not expected to return to active service whenever changes in circumstances indicate that the carrying amount of a vessel may not be recoverable. We have realized impairment charges with respect to our long-lived assets over the past several years. In the event that offshore E&P industry conditions further deteriorate, or persist at current levels, we could be subject to additional long-lived asset impairments in future periods.

An impairment loss on our property and equipment exists when the estimated undiscounted cash flows expected to result from the use of the asset and its eventual disposition are less than its carrying amount. Any impairment loss recognized represents the excess of the asset's carrying value over the estimated fair value. As part of this analysis, we make assumptions and estimates regarding future market conditions. To the extent actual results do not meet our estimated assumptions, we may take an impairment loss in the future. Additionally, there can be no assurance that we will not have to take additional impairment charges in the future if the currently depressed market conditions persist.

We may not be able to sell vessels to improve our cash flow and liquidity because we may be unable to locate buyers with access to financing or to complete any sales on acceptable terms or within a reasonable timeframe.

We may seek to sell some of our vessels to provide liquidity and improve our cash flow. However, given the current downturn in the oil and natural gas industry, there may not be sufficient activity in the market to sell our vessels, and we may not be able to identify buyers with access to financing or to complete any such sales. Even if we are able to locate appropriate buyers for our vessels, any sales may occur on significantly less favorable terms than the terms that might be available in a more liquid market or at other times in the business cycle.

Risks Relating to Our International and Foreign Operations

We operate in various regions throughout the world and are exposed to many risks inherent in doing business in countries other than the U.S.

We have substantial operations in Brazil, Mexico, the North Sea, Norway, Southeast Asia, Saudi Arabia, Angola, Nigeria and throughout the west coast of Africa, which generate a large portion of our revenue. Our customary risks of operating internationally include, but are not limited to, political, military, social and economic instability within the host country; possible vessel seizures or expropriation of assets and other governmental actions by the host country, including trade or economic sanctions and enforcement of customs, immigration or other laws that are not well developed or consistently enforced; foreign government regulations that favor or require the awarding of contracts to local competitors; risks associated with failing to comply with the U.S. Foreign Corrupt Practices Act (FCPA), the United Kingdom (U.K.) Modern Slavery Act, the U.K. Bribery Act, the E.U. General Data Protection Regulation (GDPR), export laws and other similar laws applicable to our operations in international markets; an inability to recruit, retain or obtain work visas for workers of international operations; deprivation of contract rights; difficulties or delays in collecting customer and other accounts receivable; changing taxation policies; fluctuations in currency exchange rates; foreign currency revaluations and devaluations; restrictions on converting foreign currencies into U.S. dollars; expatriating customer and other payments made in jurisdictions outside of the U.S.; civil unrest, acts of terrorism, war or other armed conflict (further described below); and import/export quotas and restrictions or other trade barriers, most of which are beyond our control. See Note (5) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

We are also subject to risks relating to war, sabotage, piracy, kidnappings and terrorism or any similar risk that may put our personnel at risk and adversely affect our operations in unpredictable ways, including changes in the insurance markets as a result of war, sabotage, piracy or kidnappings, disruptions of fuel supplies and markets, particularly oil, and the possibility that infrastructure facilities, including pipelines, production facilities, refineries, electric generation, transmission and distribution facilities, offshore rigs and vessels, and communications infrastructures, could be direct targets of, or indirect casualties of, an act of war, piracy, sabotage or terrorism. War or risk of war or any such attack may also have an adverse effect on the economy, which could adversely affect activity in offshore oil and natural gas exploration, development and production and the demand for our services. Insurance coverage can be difficult to obtain in areas of pirate and terrorist attacks resulting in increased costs that could continue to increase. We periodically evaluate the need to maintain this insurance coverage as it applies to our fleet. Instability in the financial markets as a result of war, sabotage, piracy, and terrorism could also adversely affect our ability to raise capital and could also adversely affect the oil, natural gas and power industries and restrict their future growth. The increase in the level of these criminal or terrorist acts over the last several years has been well-publicized. As a marine services company that operates in offshore, coastal or tidal waters in challenging areas, we are particularly vulnerable to these kinds of unlawful activities. Although we take what we consider to be prudent measures to protect our personnel and assets in markets that present these risks, including solicitation of advice from third-party experts, we have confronted these kinds of incidents in the past, and there can be no assurance we will not be subjected to them in the future.

Global or regional public health crises and other catastrophic events could reduce economic activity resulting in lower commodity prices and could affect our crew rotations and entry into ports.

The current COVID-19 pandemic has caused several countries to restrict travel and quarantine those who have been exposed. Quarantines and the inability to move or interact freely will have an impact on economic results. In particular, such actions could reduce the world demand for oil. In addition, we may not be able to move freely in certain ports and we may not be able to economically move our vessel crews to and from our locations around the world.

We may have disruptions or disagreements with our foreign joint venture partners, which could lead to an unwinding of the joint venture.

We operate in several foreign areas through joint ventures with local companies, in some cases as a result of local laws requiring local company ownership. While the joint venture partner may provide local knowledge and experience, entering into joint ventures often requires us to surrender a measure of control over the assets and operations devoted to the joint venture, and occasions may arise when we do not agree with the business goals and objectives of our joint venture partner, or other factors may arise that make the continuation of the relationship unwise or untenable. Any such disagreements or discontinuation of the joint venture relationship could disrupt our operations, put assets dedicated to the joint venture at risk, or affect the continuity of our business. If we are unable to resolve issues with a joint venture partner, we may decide to terminate the joint venture and either locate a different partner and continue to work in the area or seek opportunities for our assets in another market. The unwinding of an existing joint venture could prove to be difficult or time-consuming, and the loss of revenue related to the termination or unwinding of a joint venture and costs related to the sourcing of a new partner or the mobilization of assets to another market could adversely affect our financial condition, results of operations or cash flows. Please refer to Note (5) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for additional discussion of our joint venture in Angola and our joint venture in Nigeria.

Our international operations expose us to currency devaluation and fluctuation risk.

As a global company, our international operations are exposed to foreign currency exchange rate risks on all charter hire contracts denominated in foreign currencies. For some of our international contracts, a portion of the revenue and local expenses is incurred in local currencies, which subjects us to risk of changes in the exchange rates between the U.S. dollar and foreign currencies. In some instances, we receive payments in currencies that are not easily traded and may be illiquid. We generally do not hedge against any foreign currency rate fluctuations associated with foreign currency contracts that arise in the normal course of business, which exposes us to the risk of exchange rate losses. Gains and losses from the revaluation of our monetary assets and liabilities denominated in currencies other than the U.S. dollar are included in our consolidated statements of operations. Foreign currency fluctuations may cause the U.S. dollar value of our non-U.S. results of operations and net assets to vary with exchange rate fluctuations. This could have a negative impact on our results of operations and financial position. In addition, fluctuations in currencies relative to currencies in which the earnings are generated may make it more difficult to perform period-to-period comparisons of our reported results of operations.

To minimize the financial impact of these items, we attempt to contract a significant majority of our services in U.S. dollars and, when feasible, we attempt to not maintain large, non-U.S. dollar-denominated cash balances. In addition, we attempt to minimize the financial impact of these risks by matching the currency of our operating costs with the currency of revenue streams when considered appropriate. We monitor the currency exchange risks associated with all contracts not denominated in U.S. dollars.

Sonatide generally maintains Angolan kwanza-denominated deposits in Angolan banks, largely related to customer receipts in excess balances that are waiting to be converted to U.S. dollars, expatriated and then remitted to us. A devaluation in the Angolan kwanza relative to the U.S. dollar would result in foreign exchange losses for Sonatide to the extent the Angolan kwanza-denominated asset balances were in excess of kwanza-denominated liabilities. Under the current Sonatide joint venture structure, we would bear 49% of any potential losses.

With our extensive international operations, we are subject to certain compliance risks under the Foreign Corrupt Practices Act, the United Kingdom Bribery Act or similar worldwide anti-bribery laws.

Our global operations require us to comply with a number of complex U.S. and international laws and regulations, including those involving anti-bribery and, anti-corruption. The FCPA and similar anti-bribery laws in other jurisdictions, including the U.K. Bribery Act the United Nations Convention Against Corruption and the Brazil Clean Company Act, generally prohibit companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or keeping business or obtaining an improper business benefit. We have adopted proactive procedures to promote compliance with the FCPA and other anti-bribery legislation, any failure to comply with the FCPA or other anti-bribery legislation could subject us to civil and criminal penalties or other fines or sanctions, including prohibition of our participating in or curtailment of business operations in those jurisdictions and the seizure of drilling rigs or other assets, which could have a material adverse impact on our business, financial condition and results of operation. Moreover, we may be held liable for actions taken by local partners or agents in violation of applicable anti-bribery laws, even though these partners or agents may themselves not be subject to such laws. Any determination that we have violated applicable anti-bribery laws in countries in which we do business could have a material adverse effect on our business and business reputation, as well as our results of operations, and cash flows. We operate in many parts of the world where governmental corruption is present and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices and impact our business.

The U.K.'s referendum to exit from the E.U. will have uncertain effects and could adversely impact our business, results of operations and financial condition.

On June 23, 2016, the U.K. voted to exit from the E.U. (commonly referred to as Brexit) and exited from the E.U. on January 31, 2020. The terms of Brexit and the resulting U.K./E.U. relationship are uncertain for companies doing business both in the U.K. and the overall global economy. In addition, our business and operations may be impacted by any subsequent E.U. member withdrawals and a vote in Scotland to seek independence from the U.K. Risks related to Brexit that we may encounter include:

- adverse impact on macroeconomic growth and oil and natural gas demand;
- continued volatility in currencies including the British pound and U.S. dollar that may impact our financial results;
- reduced demand for our services in the U.K. and globally;
- increased costs of doing business in the U.K. and in the North Sea;
- increased regulatory costs and challenges for operating our business in the North Sea;
- volatile capital and debt markets, and access to other sources of capital;
- risks related to our global tax structure and the tax treaties upon which we rely;
- legal and regulatory uncertainty and potentially divergent treaties, laws and regulations between the E.U. and U.K.
- business uncertainty and instability resulting from prolonged political negotiations; and
- uncertain stability of the E.U. and global economy if other countries exit the E.U.

Risks Relating to Governmental Regulation

There may be changes to complex and developing laws and regulations to which we are subject that would increase our cost of compliance and operational risk.

Our operations are subject to many complex and burdensome laws and regulations. Stringent federal, state, local and foreign laws and regulations relating to a number of aspects of our business, including anti-bribery and anti-corruption laws, import and export controls, the environment, worker health and safety, labor and employment, taxation, antitrust and fair competition, data privacy protections, securities regulations and other regulatory and legal requirements that significantly affect our operations. Many aspects of the marine industry are subject to extensive governmental regulation by the U.S. Coast Guard, the U.S. Customs and Border Protection, and their foreign equivalents; as well as to standards imposed by private industry organizations such as the American Bureau of Shipping, the Oil Companies International Marine Forum, and the International Marine Contractors Association. Compliance with these laws and regulations may involve significant costs or require changes in our business practices that could result in reduced revenue and profitability. Non-compliance could also result in significant fines, damages, and other criminal sanctions against us, our officers or our employees, prohibitions or additional requirements on the conduct of our business and damage our reputation.

Further, many of the countries in which we operate have laws, regulations and enforcement systems that are less well developed than the laws, regulations and enforcement systems of the U.S., and the requirements of these systems are not always readily discernible even to experienced and proactive participants. These countries' laws can be unclear, and, the application and enforcement of these laws and regulations can be unpredictable and subject to frequent change or reinterpretation. Sometimes governments may apply such changes or reinterpretations with retroactive effect, and may impose associated taxes, fees, fines or penalties based on that reinterpretation or retroactive effect. While we endeavor to comply with applicable laws and regulations, our compliance efforts might not always be wholly successful, and failure to comply may result in administrative and civil penalties, criminal sanctions, imposition of remedial obligations or the suspension or termination of our operations. These laws and regulations may expose us to liability for the conduct of, or conditions caused by, others, including charterers or third party agents. Moreover, these laws and regulations could be changed or be interpreted in new, unexpected ways that substantially increase costs that we may not be able to pass along to our customers. Any changes in laws, regulations or standards imposing additional requirements or restrictions, or any violation of such laws, regulations or standards, could adversely affect our financial condition, results of operations or cash flows.

Changes in U.S. and international tax laws and policies could adversely affect our financial results.

We operate in the U.S. and globally through various subsidiaries which are subject to applicable tax laws, treaties or regulations within and between the jurisdictions in which we conduct our business, including laws or policies directed toward companies organized in jurisdictions with low tax rates, which may change and are subject to interpretation. We determine our income tax expense based on our interpretation of the applicable tax laws and regulations in effect in each jurisdiction for the period during which we operate and earn income. A material change in the tax laws, tax treaties, regulations or accounting principles, or interpretation thereof, in one or more countries in which we conduct business, or in which we are incorporated or a resident of, could result in a higher effective tax rate on our worldwide earnings, and such change could be significant to our financial results. In addition, our overall effective tax rate could be adversely and suddenly affected by lower than anticipated earnings in countries with lower statutory rates and higher than anticipated earnings in countries with higher statutory rates, or by changes in the valuation of our deferred tax assets and liabilities. Moreover, our worldwide operations may change in the future such that the mix of our income and losses recognized in the various jurisdictions could change. Any such changes could reduce our ability to utilize tax benefits, such as foreign tax credits, and could result in an increase in our effective tax rate and tax expense.

The majority of our revenues and net income are generated by our operations outside of the U.S. Our effective tax rate has historically averaged approximately 30% until recent years where the decline of the oil and natural gas market significantly impacted our operations and overall effective tax rate.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the Tax Act). We continue to monitor the impact of the Tax Act on our ongoing operations. The impact of the Tax Act on our financial position in future periods could be adversely impacted by, among other things, changes in interpretations of the Tax Act, any legislative action to address questions that arise because of the Tax Act, or any changes in accounting standards for income taxes or related interpretations in response to the Tax Act. Additionally, longstanding international tax norms that determine each country's jurisdiction to tax cross-border international trade are evolving as a result of the Base Erosion and Profit Shifting reporting requirements (BEPS) recommended by the G8, G20 and Organization for Economic Cooperation and Development (OECD). As these and other tax laws and related regulations change, our financial results could be materially impacted. Given the unpredictability of these possible changes and their potential interdependency, it is very difficult to assess whether the overall effect of such potential tax changes would be cumulatively positive or negative for our earnings and cash flow, but such changes could adversely impact our financial results.

In addition, our income tax returns are subject to review and examination by the U.S. Internal Revenue Service and other tax authorities where tax returns are filed. We routinely evaluate the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for taxes. We do not recognize the benefit of income tax positions we believe are more likely than not to be disallowed upon challenge by a tax authority. If any tax authority successfully challenges our operational structure or intercompany transfer pricing policies, or if the terms of certain income tax treaties were to be interpreted in a manner that is adverse to our structure, or if we lose a material tax dispute in any country, our effective tax rate on our worldwide earnings could increase, and our financial condition and results of operations could be materially and adversely affected.

Any changes in environmental regulations, including climate change and greenhouse gas restrictions, could increase the cost of energy and future production of oil and natural gas.

Our operations are subject to federal, state, local and international laws and regulations that control the discharge of pollutants into the environment or otherwise relate to environmental protection. Compliance with such laws and regulations may require installation of costly equipment, increased manning or operational changes. Some environmental laws may, in certain circumstances, impose strict liability for remediation of spills and releases of oil and hazardous substances, which could subject us to liability without regard to whether we were negligent or at fault.

Due to concern over the risk of climate change, a number of countries have adopted, or are considering the adoption of, regulatory frameworks to reduce the emission of carbon dioxide, methane and other gases (greenhouse gas emissions). These regulations include adoption of cap and trade regimes, carbon taxes, restrictive permitting, increased efficiency standards, and incentives or mandates for renewable energy. These requirements could make our customer's products more expensive and reduce demand for hydrocarbons, as well as shift hydrocarbon demand toward relatively lower-carbon sources such as natural gas, any of which may reduce demand for our services. Notwithstanding the current downturn in the oil and natural gas industry punctuated by lessened demand and lower oil and natural gas prices, any such regulations could ultimately result in the increased cost of energy as well as environmental and other costs, and capital expenditures could be necessary to comply with the limitations. These developments may have an adverse effect on future production and demand for hydrocarbons such as crude oil and natural gas in areas of the world where our customers operate and thus adversely affect future demand for our offshore support vessels and other assets, which are highly dependent on the level of activity in offshore oil and natural gas exploration, development and production markets. In addition, the increased regulation of environmental emissions may create greater incentives for the use of alternative energy sources. Unless and until regulations are implemented and their effects are known, we cannot reasonably or reliably estimate their impact on our financial condition, results of operations and ability to compete. However, any long-term material adverse effect on the crude oil and natural gas industry may adversely affect our financial condition, results of operations and cash flows.

Increasing attention to environmental, social and governance (ESG) matters may impact our business and some institutional investors may be discouraged from investing in the industry in which we operate.

Companies across all industries are facing increasing scrutiny from stakeholders related to their ESG practices. Investor advocacy groups, certain institutional investors, investment funds and other influential investors are also increasingly focused on ESG practices and in recent years have placed increasing importance on the implications and social cost of their investments. Regardless of the industry, investors' increased focus and activism related to ESG and similar matters may hinder access to capital, as investors may decide to reallocate capital or to not commit capital as a result of their assessment of a company's ESG practices. Companies which do not adapt to or comply with investor or stakeholder expectations and standards, which are evolving, or which are perceived to have not responded appropriately to the growing concern for ESG issues, regardless of whether there is a legal requirement to do so, may suffer from reputational damage and the business, financial condition, and/or stock price of such a company could be materially and adversely affected.

Specifically, adverse effects upon the oil and gas industry related to the worldwide social and political environment, including uncertainty or instability resulting from climate change, changes in political leadership and environmental policies, changes in geopolitical-social views toward fossil fuels and renewable energy, concern about the environmental impact of climate change and investors' expectations regarding ESG matters, may also adversely affect demand for our services. Any long-term material adverse effect on the oil and gas industry would likely have a significant financial and operational adverse impact on our business.

In addition, some institutional investors are placing an increased emphasis on ESG factors when allocating their capital. These investors may be seeking enhanced ESG disclosures or may implement policies that discourage investment in the hydrocarbon industry. To the extent that certain institutions implement policies that discourage investments in our industry, it could have an adverse effect on our financing costs and access to liquidity and capital.

Risks Relating to Our Employees

We may have difficulty attracting, motivating and retaining executives and other key personnel.

The success of our business depends on the efforts and skill of our senior management team and other key personnel. Uncertainty about the effect of changes to our company and about the changes we have made or may make to the organizational structure may impair our ability to attract and retain key personnel. In addition, our industry has lost a significant number of experienced professionals over the years due to its cyclical nature, which is attributable, among other reasons, to the continuing depressed levels of oil and natural gas prices and a more generalized concern about the overall future prospects of the industry.

If executives, managers or other key personnel resign, retire or are terminated or their service is otherwise interrupted, we may not be able to replace them in a timely manner and we could experience significant declines in productivity. These uncertainties could affect our relationship with customers, vendors and other parties. Accordingly, no assurance can be given that we will be able to attract, retain and motivate executives, managers, and other key personnel to the same extent as in the past.

We may be subject to additional unionization efforts, new collective bargaining agreements or work stoppages.

In locations in which we are required to do so, we have union workers subject to collective bargaining agreements, which are subject to periodic negotiation. These negotiations could result in higher personnel expenses, other increased costs, or increased operational restrictions. Disputes over the terms of these agreements or our potential inability to negotiate acceptable contracts with the unions that represent our employees under these agreements could result in strikes, work stoppages or other slowdowns by the affected workers. Further, efforts have been made from time to time to unionize other portions of our workforce, including our U.S. GOM employees. Additional unionization efforts, new collective bargaining agreements or work stoppages could materially increase our costs and operating restrictions, disrupt our operations, reduce our revenues, adversely affect our business, financial condition and results of operations, or limit our flexibility.

Our participation in industry-wide, multi-employer, defined benefit pension plans expose us to potential future losses.

Certain of our subsidiaries are participating employers in two industry-wide, multi-employer defined benefit pension plans in the U.K. Among other risks associated with multi-employer plans, contributions and unfunded obligations of the multi-employer plan are shared by the plan participants. As a result, we may inherit unfunded obligations if other plan participants withdraw from the plan or cease to participate, and in the event that we withdraw from participation in one or both of these plans, we may be required to pay the plan an amount based on our allocable share of the underfunded status of the plan. Depending on the results of future actuarial valuations, it is possible that the plans could experience further deficits that will require funding from us, which would negatively impact our financial position, results of operations and cash flows.

Certain of our employees are covered by federal laws that may subject us to job-related claims in addition to those provided by state laws.

Certain of our employees are covered by provisions of the Jones Act, the Death on the High Seas Act and general maritime law. These laws preempt state workers' compensation laws and permit these employees and their representatives to pursue actions against employers for job-related incidents in federal courts based on tort theories. Because we are not generally protected by the damage limits imposed by state workers' compensation statutes for these types of claims, we may have greater exposure for any claims made by these employees.

Risks Related to Information Technology and Cybersecurity

Cybersecurity attacks on any of our facilities, or those of third parties, may result in potential liability or reputational damage or otherwise adversely affect our business.

Many of our business and operational processes are heavily dependent on traditional and emerging technology systems, some of which are managed by us and some of which are managed by third-party service and equipment providers, to conduct day-to-day operations, improve safety and efficiency and lower costs. We use computerized systems to help run our financial and operations functions, including the processing of payment transactions, store confidential records and conduct vessel operations, which may subject our business to increased risks. If any of our financial, operational, or other technology systems fail or have other significant shortcomings, our financial results could be adversely affected. Our financial results could also be adversely affected if an employee or other third party causes our operational systems to fail, either as a result of inadvertent error or by deliberately tampering with or manipulating our operational systems. In addition, dependence upon automated systems, including those on board our vessels, may further increase the risk that operational system flaws, employee or other tampering or manipulation of those systems will result in losses that are difficult to detect.

Cybersecurity incidents are increasing in frequency and magnitude. These incidents may include, but are not limited to, installation of malicious software, phishing, credential attacks, unauthorized access to data and other advanced and sophisticated cybersecurity breaches and threats, including threats that increasingly target critical operations technologies and process control networks. Any cybersecurity attacks that affect our facilities or operations, our customers or any financial data could have a material adverse effect on our business. In addition, cyber-attacks on our customer and employee data may result in a financial loss and may negatively impact our reputation. Third-party systems on which we rely could also suffer such attacks or operational system failures. Any of these occurrences could disrupt our business, result in potential liability or reputational damage or otherwise have an adverse effect on our business, operations and financial results.

In addition, laws and regulations governing data privacy and the unauthorized disclosure of confidential or protected information, including the GDPR and recent legislation in certain U.S. states, pose increasingly complex compliance challenges and potentially elevate costs, and any failure to comply with these laws and regulations could result in significant penalties and legal liability.

Risks Related to Our Securities

Our common stock is subject to restriction on foreign ownership and possible required divestiture by non-U.S. Citizen stockholders.

Certain of our operations are conducted in the U.S. coastwise trade and are governed by the U.S. federal law commonly known as the Jones Act. The Jones Act restricts waterborne transportation of goods and passengers between points in the U.S. to vessels owned and controlled by "U.S. Citizens" as defined thereunder. We could lose the privilege of owning and operating vessels in the Jones Act trade if non-U.S. Citizens were to own or control, in the aggregate, more than 25% of our common stock. Such loss could have a material adverse effect on our results of operations.

Our Amended and Restated Certificate of Incorporation and Second Amended and Restated By-Laws authorize our Board of Directors to establish with respect to any class or series of our capital stock certain rules, policies and procedures, including procedures with respect to the transfer of shares, to ensure compliance with the Jones Act. In order to provide a reasonable margin for compliance with the Jones Act, our Board of Directors has determined that, all non-U.S. Citizens in the aggregate may own up to 24% of the outstanding shares of common stock and any individual non-U.S. Citizen may own up to 4.9% of the outstanding shares of common stock**.**

At and during such time that the permitted limit of ownership by non-U.S. Citizens is reached with respect to shares of common stock, as applicable, we will be unable to issue any further shares of such class of common stock or approve transfers of such class of common stock to non-U.S. Citizens. Any purported transfer of our common stock in violation of these ownership provisions will be ineffective to transfer the common stock or any voting, dividend or other rights associated with such common stock. The existence and enforcement of these requirements could have an adverse impact on the liquidity or market value of our equity securities in the event that U.S. Citizens were unable to transfer our shares to non-U.S. Citizens. Furthermore, under certain circumstances, this ownership requirement could discourage, delay or prevent a change of control.

The market price of our securities is subject to volatility.

The market price of our common stock could be subject to wide fluctuations in response to, and the level of trading that develops with our common stock may be affected by, numerous factors beyond our control such as, our limited trading history subsequent to our emergence from bankruptcy, the fact that on occasion our securities may be thinly traded, the lack of comparable historical financial information due to our adoption of fresh start accounting, actual or anticipated variations in our operating results and cash flow, business conditions in our markets and the general state of the securities markets and the market for energy-related stocks, as well as general economic and market conditions and other factors that may affect our future results, including those described in this Annual Report on Form 10-K.

Because we currently have no plans to pay cash dividends or other distributions on our common stock, you may not receive any return on investment unless you sell your common stock for a price greater than that which you paid for it.

We currently do not pay and do not expect to pay any cash dividends or other distributions on our common stock in the foreseeable future. Any future determination to pay cash dividends or other distributions on our common stock will be at the sole discretion of our Board of Directors and, if we elect to pay such dividends in the future, we may reduce or discontinue entirely the payment of such dividends thereafter at any time. The Board of Directors may take into account general and economic conditions, our financial condition and operating results, our available cash and current and anticipated cash needs, capital requirements, agreements governing any existing and future indebtedness we or our subsidiaries may incur and other contractual, legal, tax and regulatory restrictions and implications on the payment of dividends by us to our stockholders, and such other factors as the Board of Directors may deem relevant. As a result, you may not receive any return on an investment in our common stock unless you sell our common stock for a price greater than that which you paid for it.

Our ability to raise capital in the future may be limited, which could make us unable to fund our capital requirements.

Our business and operations may consume cash more quickly than we anticipate potentially impairing our ability to make capital expenditures to maintain our fleet and other assets in suitable operating condition. If our cash flows from operating activities are not sufficient to fund capital expenditures, we would be required to further reduce these expenditures or to fund capital expenditures through debt or equity issuances or through alternative financing plans or selling assets. If adequate funds are not available on acceptable terms, we may be unable to fund our capital requirements. Our ability to raise debt or equity capital or to refinance or restructure existing debt arrangements will depend on the condition of the capital markets, our financial condition and cash flow generating capacity at such time, among other things. Any limitations in our ability to finance future capital expenditures may limit our ability to respond to changes in customer preferences, technological change and other market conditions, which may diminish our competitive position within our sector.

If we issue additional equity securities, existing stockholders will experience dilution. Our Amended and Restated Certificate of Incorporation permits our Board of Directors to issue preferred stock which could have rights and preferences senior to those of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our security holders bear the risk of our future securities offerings reducing the market price of our common stock or other securities, diluting their interest or being subject to rights and preferences senior to their own.

Anti-takeover provisions and limitations on foreign ownership in our organizational documents could delay or prevent a change of control.

Certain provisions of our Amended and Restated Certificate of Incorporation and our Second Amended and Restated By-Laws and Delaware law could delay, defer or prevent a merger, acquisition, tender offer, takeover attempt or other change of control transaction that our stockholders may deem advantageous, including those attempts that might result in a premium over the market price for the shares held by our stockholders or negatively affect the trading price of our common stock and other securities. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire. These provisions provide for, among other things:

- the ability of our Board of Directors to issue, and determine the rights, powers and preferences of, one or more series of preferred stock;
- advance notice for nominations of directors by stockholders and for stockholders to present matters for consideration at our annual meetings;
- limitations on convening special stockholder meetings;
- the prohibition on stockholders to act by written consent;
- supermajority vote of stockholders to amend certain provisions of the certificate of incorporation;
- limitations on expanding the size of the Board of Directors;
- the availability for issuance of additional shares of common stock; and
- restrictions on the ability of any natural person or entity that does not satisfy the citizenship requirements of the U.S. maritime laws to own, in the aggregate, more than 24% of the outstanding shares of our common stock.

In addition, the Delaware General Corporation Law imposes restrictions on mergers and other business combinations between us and any holder of 15% or more of our outstanding common stock.

The exercise of all or any number of outstanding warrants or the issuance of stock-based awards may dilute your holding of shares of our common stock.

We have issued or assumed a number of securities providing for the right to purchase our common stock. Investors could be subject to increased dilution upon the exercise of our New Creditor Warrants and GLF Creditor Warrants for a nominal exercise price subject to Jones Act-related foreign ownership restrictions, and the exercise of our Series A Warrants, Series B Warrants and GLF Equity Warrants. Unexercised Series A Warrants and Series B Warrants will expire on July 31, 2023. Unexercised GLF Equity Warrants expire on November 14, 2024. Unexercised New Creditor Warrants expire on July 31, 2042 and unexercised GLF Creditor Warrants expire on November 14, 2042.

Additionally, shares of common stock were reserved for issuance under the 2017 Stock Incentive Plan and Legacy GulfMark Stock Incentive Plan, respectively, as equity-based awards to employees, directors and certain other persons. The exercise of equity awards, including any restricted stock units that we may grant in the future, and the exercise of warrants and the subsequent sale of shares of common stock issued thereby, could have an adverse effect on the market for our common stock, including the price that an investor could obtain for their shares. Investors may experience dilution in the value of their investment upon the exercise of the warrants and any equity awards that may be granted or issued pursuant to the 2017 Stock Incentive Plan and the Legacy GulfMark Stock Incentive Plan.

Please refer to Notes (10) and (11) of the Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for additional discussion of our outstanding warrants and stock-based awards.

There may be a limited trading market for our New Creditor Warrants and GLF Creditor Warrants, and you may have difficulty trading and obtaining quotations for New Creditor Warrants and GLF Creditor Warrants.

While there are unsolicited quotes for our New Creditor Warrants on the OTC Pink Market, there is no market maker for this security on the OTC Pink Market, and there can be no assurance that an active trading market will develop. While the GLF Creditor Warrants trade on OTC QX market, there has been limited trading volume since the business combination. The lack of an active market may impair your ability to sell your New Creditor Warrants or GLF Creditor Warrants at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the fair market value of your New Creditor Warrants or GLF Creditor Warrants. As a result, you may find it difficult to dispose of, or to obtain accurate quotations of the price of, our New Creditor Warrants or GLF Creditor Warrants. This severely limits the liquidity of our New Creditor Warrants and the GLF Creditor Warrants and will likely reduce the market price of our New Creditor Warrants and the GLF Creditor Warrants.

There is no guarantee that the Series A Warrants, Series B Warrants and GLF Equity Warrants issued by us or assumed by us will ever be in the money, and unexercised warrants may expire with limited or no value. Further, the terms of such warrants may be amended.

As long as our stock price is below the strike price of each of the Series A Warrants, Series B Warrants and GLF Equity Warrants, $57.06 per share for Series A Warrants, $62.28 per share for Series B Warrants and $100.00 per share for the GLF Equity Warrants), these warrants will have limited economic value, and they may expire with limited or no value. In addition, the warrant agreement provides that the terms of the warrants may be amended without the consent of any holder to cure any ambiguity or correct any defective provision, but requires the approval by the holders of at least a certain percentage of the then-outstanding warrants originally issued to make any change that adversely affects the interests of the holders. Any material amendment to the terms of the warrant in a manner adverse to a holder would require holders of at least a certain percentage of the then outstanding warrants, but less than all holders, approve of such amendment.

We may not be able to maintain a listing of our common stock, Series A Warrants, Series B Warrants and GLF Equity Warrants on the NYSE or NYSE American.

We must meet certain financial and liquidity criteria to maintain the listing of our securities on the NYSE or NYSE American, as applicable. If we fail to meet any of the NYSE or NYSE American's continued listing standards, our common stock, Series A Warrants, Series B Warrants, or GLF Equity Warrants may be delisted. A delisting of our common stock, Series A Warrants, Series B Warrants, or GLF Equity Warrants may materially impair our stockholders' and warrant holders' ability to buy and sell our common stock, Series A Warrants, Series B Warrants, or GLF Equity Warrants and could have an adverse effect on the market price of, and the efficiency of, the trading market for these securities. A delisting of our common stock, Series A Warrants, Series B Warrants or GLF Equity Warrants could significantly impair our ability to raise capital.

General Risk Factors

Uncertain economic conditions may lead our customers to postpone capital spending or jeopardize our customers' or other counterparties' ability to perform their obligations.

Uncertainty about future global economic market conditions makes it challenging to forecast operating results and to make decisions about future investments. The success of our business is both directly and indirectly dependent upon conditions in the global financial and credit markets that are outside of our control and difficult to predict. Uncertain economic conditions may lead our customers to postpone capital spending in response to tighter credit markets and reductions in our customers' income or asset values. Similarly, when lenders and institutional investors reduce, and in some cases, cease to provide funding to corporate and other industrial borrowers, the liquidity and financial condition of the company and our customers can be adversely impacted. These factors may also adversely affect our liquidity and financial condition. Factors such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation), trade barriers and economic sanctions or other restrictions imposed by the U.S. or other countries, commodity prices, currency exchange rates and controls, and national and international political circumstances (including wars, terrorist acts, security operations, and seaborne refugee issues) can have a material negative effect on our business, revenues and profitability.

Additionally, continued uncertain industry conditions could jeopardize the ability of certain of our counterparties, including our customers, insurers and financial institutions, to perform their obligations. Although we assess the creditworthiness of our counterparties, a prolonged period of difficult industry conditions could lead to changes in a counterparty's liquidity and increase our exposure to credit risk and bad debts. In addition, we may offer extended payment terms to our customers in order to secure contracts. These circumstances may lead to more frequent collection issues. Our financial results and liquidity could be adversely affected.

There are uncertainties in identifying and integrating acquisitions and mergers.

Although acquisitions have historically been an element of our business strategy, we cannot assure investors that we will be able to identify and acquire acceptable acquisition candidates on terms favorable to us in the future. We may be required to use our cash, issue equity securities, or incur substantial indebtedness to finance future acquisitions or mergers. Any of these financing options could reduce our profitability and harm our business or only be available to us on unfavorable terms, if at all, and could require concessions under our current indebtedness that our lenders might not be willing to grant. Such additional debt service requirements may impose a significant burden on our results of operations and financial condition, and any equity issuance could have a dilutive impact on our stockholders.

We cannot be certain that we will be able to successfully consolidate the operations and assets of any acquired business with our own business. Acquisitions may not perform as expected when the transaction was consummated and may be dilutive to our overall operating results. In addition, valuations supporting our acquisitions and strategic investments could change rapidly given the current global economic climate. We could determine that such valuations have experienced impairments or other-than-temporary declines in fair value which could adversely impact our financial results. Moreover, our management may not be able to effectively manage a substantially larger business or successfully operate a new line of business.

Our business could be negatively affected as a result of actions of activist stockholders.

Activist stockholders could advocate for changes to our corporate governance, operational practices and strategic direction, which could have an adverse effect on our reputation, business and future operations. In recent years, publicly-traded companies have been increasingly subject to demands from activist stockholders advocating for changes to corporate governance practices, such as executive compensation practices, social issues, or for certain corporate actions or reorganizations. There can be no assurances that activist stockholders won't publicly advocate for us to make certain corporate governance changes or engage in certain corporate actions. Responding to challenges from activist stockholders, such as proxy contests, media campaigns or other activities, could be costly and time consuming and could have an adverse effect on our reputation and divert the attention and resources of management and our Board, which could have an adverse effect on our business and operational results. Additionally, stockholder activism could create uncertainty about future strategic direction, resulting in loss of future business opportunities, which could adversely affect our business, future operations, profitability and our ability to attract and retain qualified personnel.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Information on Properties is contained in Item 1 of this Annual Report on Form 10-K.

ITEM 3. LEGAL PROCEEDINGS

For a discussion of our material legal proceedings, see Note (12) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

Various legal proceedings and claims are outstanding which arose in the ordinary course of business. In the opinion of management, the amount of ultimate liability, if any, with respect to these actions, will not have a material adverse effect on our financial position, results of operations, or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Common Stock Market Prices

Our common stock is traded on the New York Stock Exchange ("NYSE") under the symbol "TDW." At February 15, 2021, there were 684 record holders of our common stock, based on the record holder list maintained by our stock transfer agent.

Issuer Repurchases of Equity Securities

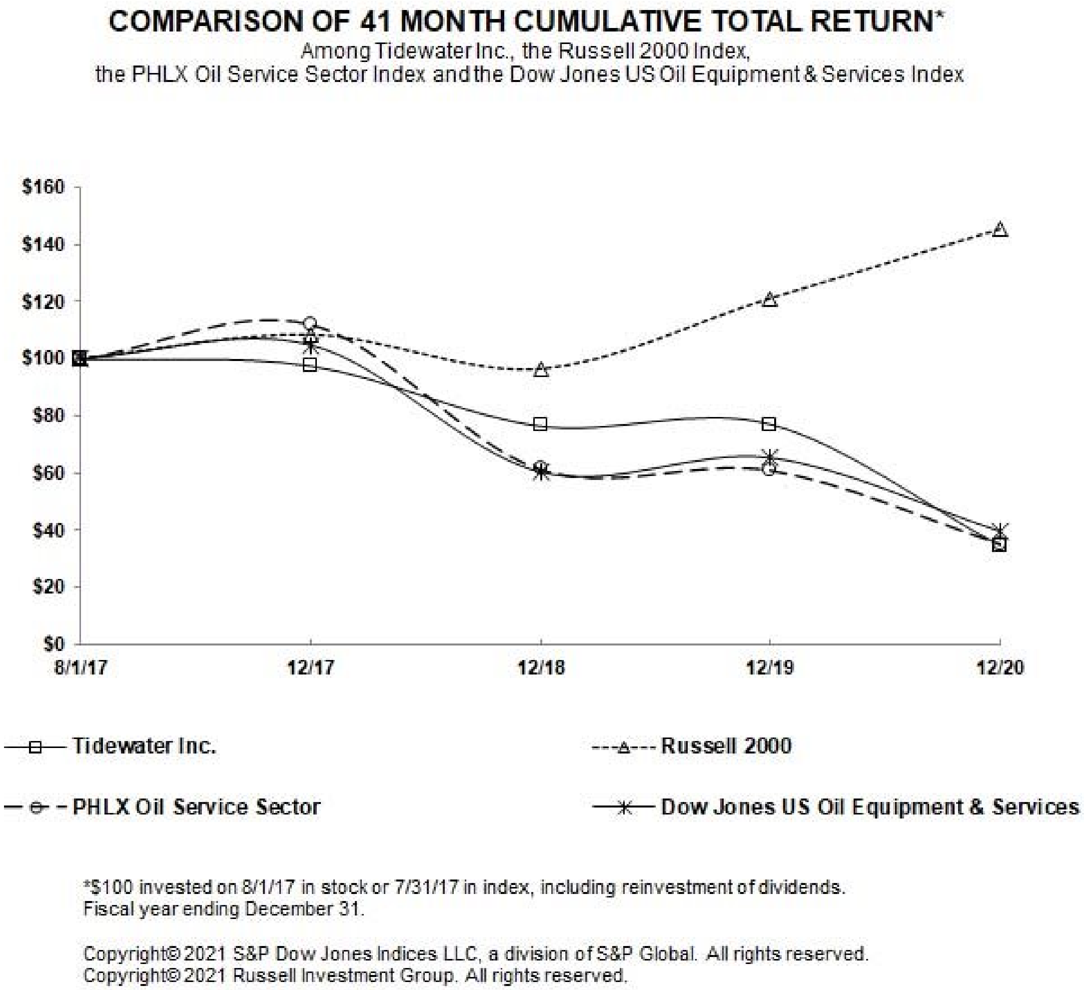
No shares were repurchased during the years ended December 31, 2020, 2019, and 2018.

Dividends

There were no dividends declared during the years ended December 31, 2020. 2019 and 2018.

Performance Graph

The following graph and table compare the cumulative total return to our stockholders on our common stock beginning with the commencement of trading upon our emergence from Chapter 11 bankruptcy on July 31, 2017 through December 31, 2020, relative to the cumulative total returns of the Russell 2000 Stock Index, the PHLX Oil Service Sector Index, and the Dow Jones U.S. Oil Equipment & Services Index. The analysis assumes the investment of $100 on August 1, 2017, at closing prices on July 31, 2017, and the reinvestment of dividends into additional shares of the same class of equity securities at the frequency with which dividends are paid on such securities during the applicable fiscal year.



Indexed returns

Company name/Index	August 1, 2017	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020
Tidewater Inc.	100	98	77	77	35
Russell 2000	100	108	96	121	145
PHLX Oil Service sector	100	112	61	61	35
Dow Jones U.S. Oil Equipment & Services	100	105	60	65	40

Investors are cautioned against drawing conclusions from the data contained in the graph, as past results are not necessarily indicative of future performance.

The above graph is being furnished pursuant to SEC rules. It will not be incorporated by reference into any filing under the Securities Act of 1933 (Securities Act) or the Exchange Act, except to the extent that we specifically incorporate it by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial condition and results of operations should be read in conjunction with the accompanying consolidated financial statements included in Item 8 of this Annual Report on Form 10-K. The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. Our future results of operations could differ materially from our historical results or those anticipated in our forward-looking statements as a result of certain factors, including those set forth under "Risk Factors" in Item 1A and elsewhere in this Annual Report on Form 10-K. With respect to this section, the cautionary language applicable to such forward-looking statements described under "Forward-Looking Statements" found before Item 1 of this Annual Report on Form 10-K is incorporated by reference into this Item 7.

About Tidewater

Our vessels and associated vessel services provide support for all phases of offshore oil and natural gas exploration, field development and production as well as windfarm development and maintenance. These services include towing of, and anchor handling for, mobile offshore drilling units; transporting supplies and personnel necessary to sustain drilling, workover and production activities; offshore construction and seismic and subsea support; geotechnical survey support for windfarm construction; and a variety of specialized services such as pipe and cable laying. In addition, we have one of the broadest geographic operating footprints in the offshore vessel industry. Our global operating footprint allows us to react quickly to changing local market conditions and to be responsive to the changing requirements of the many customers with which we believe we have strong relationships. We are also one of the most experienced international operators in the offshore energy industry with a history spanning over 60 years.

On November 15, 2018 (Merger Date), we completed our merger with GulfMark Offshore, Inc. GulfMark pursuant to the Agreement and Plan of the Merger dated July 15, 2018. GulfMark's balances and results are included in our consolidated financial statements and disclosures beginning on the Merger Date. Therefore, our balances and results for the years ended December 31, 2020 and 2019 include GulfMark's operations while our balances and results for the year ended December 30, 2018 only include GulfMark's operations for the last 45 days.

At December 31, 2020, we owned 172 vessels with an average age of 10.4 years (excluding 3 joint venture vessels, but including 35 stacked active vessels and 23 vessels designated for sale) available to serve the global energy industry. The average age of our 149 active vessels at December 31, 2020 is 10.2 years.

Principal Factors That Drive Our Results

Our revenues, net earnings and cash flows from operations are largely dependent upon the activity level of our offshore marine vessel fleet. As is the case with the numerous other vessel operators in our industry, our business activity is largely dependent on the level of exploration, field development and production activity of our customers. Our customers' business activity, in turn, is dependent on current and expected crude oil and natural gas prices, which fluctuate depending on expected future levels of supply and demand for crude oil and natural gas, and on estimates of the cost to find, develop and produce crude oil and natural gas reserves.

Our revenues in all segments are driven primarily by our fleet size, vessel utilization and day rates. Because a sizeable portion of our operating and depreciation costs do not change proportionally with changes in revenue, our operating profit is largely dependent on revenue levels.

Operating costs consist primarily of crew costs, repair and maintenance costs, insurance costs, fuel, lube oil and supplies costs and other vessel operating costs. Fleet size, fleet composition, geographic areas of operation, supply and demand for marine personnel, and local labor requirements are the major factors which affect overall crew costs in all segments. In addition, our newer, more technologically sophisticated vessels generally require a greater number of specially trained, more highly compensated fleet personnel than our older, smaller and less sophisticated vessels. Crew costs may increase if competition for skilled personnel intensifies, although a weaker offshore energy market could mitigate any potential inflation of crew costs.

Costs related to the recertification of vessels are deferred and amortized over 30 months on a straight-line basis. Maintenance costs incurred at the time of the recertification drydocking that are not related to the recertification of the vessel are expensed as incurred. Costs related to vessel improvements that either extend the vessel's useful life or increase the vessel's functionality are capitalized and depreciated.

Insurance costs are dependent on a variety of factors, including our safety record and pricing in the insurance markets, and can fluctuate over time. Our vessels are generally insured for up to their estimated fair market value in order to cover damage or loss resulting from marine casualties, adverse weather conditions, mechanical failure, collisions, and property losses to the vessel. We also purchase coverage for potential liabilities stemming from third-party losses with limits that we believe are reasonable for our operations, but do not generally purchase business interruption insurance or similar coverage. Insurance limits are reviewed annually, and third-party coverage is purchased based on the expected scope of ongoing operations and the cost of third-party coverage.

Fuel and lube costs can also fluctuate in any given period depending on the number and distance of vessel mobilizations, the number of active vessels off charter, drydockings, and changes in fuel prices. We also incur vessel operating costs that are aggregated as "other" vessel operating costs. These costs consist of brokers' commissions, including commissions paid to unconsolidated joint venture companies, training costs, satellite communication fees, agent fees, port fees and other miscellaneous costs. Brokers' commissions are incurred primarily in our non-U.S. operating areas where brokers oftentimes assist us in obtaining work. Brokers generally are paid a percentage of day rates billed upon collection of the amounts invoiced and, accordingly, commissions paid to brokers generally fluctuate in accordance with vessel revenue.

Deepwater activity is a significant segment of the global offshore crude oil and natural gas markets, and a significant component of our business. Development typically involves significant capital investment and multi-year development plans. Such projects are generally underwritten by the participating exploration, field development and production companies using relatively conservative crude oil and natural gas pricing assumptions. Although these projects are generally less susceptible to short-term fluctuations in the price of crude oil and natural gas, deepwater exploration and development projects can be more costly relative to other onshore and offshore exploration and development. As a result, generally depressed crude oil prices have caused, and may continue to cause, many of our customers and potential customers to reevaluate their future capital expenditures in regard to deepwater projects.

Sonatide

We previously disclosed the significant financial and operational challenges that we confront with respect to operations in Angola, as well as steps that we have taken to address or mitigate those risks. Most of our attention has been focused in three areas: (i) reducing the net receivable balance due from Sonatide, our Angolan joint venture with Sonangol, for vessel services; (ii) reducing the foreign currency risk created by virtue of provisions of Angolan law that require that payment for a portion of the services provided by Sonatide be paid in Angolan kwanza; and (iii) optimizing opportunities, consistent with Angolan law, for services provided by us to be paid for directly in U.S. dollars. In late 2019, we were informed that, as part of a broad privatization program, Sonangol intends to seek to divest itself from Sonatide.

In the second quarter of 2020, Sonatide declared a $35.0 million dividend. On June 22, 2020, Sonangol received $17.8 million and we received $17.2 million. Our share of the dividend is reflected as dividend income from unconsolidated company in the consolidated statement of operations because (i) our investment in Sonatide had previously been written down to zero, (ii) the distributions are not refundable and (iii) we are not liable for the obligations of or committed to provide financial support to Sonatide. In addition, as a result of the aforementioned dividend payment, the cash balances of the joint venture were significantly reduced and we determined that, as a result, a significant portion of our net due from Sonatide balance was compromised. During the year ended December 31, 2020, we recorded a $40.9 million affiliate credit loss impairment expense.

DTDW

We own 40% of DTDW in Nigeria. Our partner, who owns 60%, is a Nigerian national. DTDW owns one offshore service vessel and has long term debt of $4.7 million which is secured by the vessel and guarantees from the DTDW partners. We also operate company owned vessels in Nigeria for which the joint venture receives a commission. As of December 31, 2020, we had no company owned vessels operating in Nigeria and the DTDW owned vessel was not employed. At the beginning of 2020 we had expected that we would be operating numerous vessels in Nigeria, but in the second quarter of 2020 the COVID-19 pandemic and resulting oil price reduction caused our primary customer in Nigeria to eliminate all planned operations for 2020. As a result, the near-term cash flow projections indicate that DTDW does not have sufficient funds to meet its obligations to us or to the holder of its long-term debt. Therefore, we recorded affiliate credit loss impairment expense for the year ended December 31, 2020 totaling $12.1 million. In addition, based on our analysis we have determined that DTDW will be unable to pay its debt obligation and the debt will not be satisfied by liquidating the vessel and, as a result, we recorded additional impairment expense of $2.0 million for our expected share of the obligation guarantee during the year ended December 31, 2020.

Industry Conditions and Outlook

Our business is directly impacted by the level of activity in worldwide offshore oil and natural gas exploration, development and production, which in turn is influenced by trends in oil and natural gas prices. In addition, oil and natural gas prices are affected by a host of geopolitical and economic forces, including the fundamental principles of supply and demand. In particular, the oil price is significantly influenced by actions of the Organization of Petroleum Exporting Countries, or OPEC. Prices are subject to significant uncertainty and, as a result, are extremely volatile. Beginning in late 2014, oil prices declined significantly from levels of over $100.00 per barrel and continued to decline throughout 2015 and into 2016 causing an industry-wide downturn. Prices began to stabilize in the $50.00 to $60.00 per barrel range in 2019 and early 2020. However, in the first quarter of 2020 the industry was severely impacted by the previously discussed global pandemic (COVID-19) and the resulting loss of demand and decrease in oil prices.

As COVID-19 spread throughout the world, its impact on many of our locations, including our vessels, has affected our operations. We have implemented various protocols for both onshore and offshore personnel in efforts to limit this impact, but there is no assurance that those efforts will be fully successful. Any spread of COVID-19 to our onshore workforce or key management personnel could prevent us from supporting our offshore operations, reduce productivity as our onshore personnel continue to work remotely, and disrupt our business. Any outbreak on our vessels may result in the vessel, or some or all of a vessel crew, being quarantined and therefore impede the vessel's ability to generate revenue. We have experienced challenges in connection with our offshore crew changes due to health and travel restrictions related to COVID-19, and those challenges and/or restrictions are expected to continue despite our efforts at mitigating them. To the extent the COVID-19 pandemic adversely affects our operations and business, it may also have the effect of heightening many of the other risks set forth in our SEC filings.

The effect on our business includes lockdowns of shipyards where we have vessels performing drydocks which will delay vessels returning to service and the cancellation and/or temporary delay of certain revenue vessel contracts allowed either under the contract provisions or by mutual agreement with our customers. These cancellations and/or temporary delays reduced our 2020 revenues by approximately 18.0%. We also incurred approximately $18.0 million in higher operating costs, primarily related to additional crew costs, mobilization and vessel stacking costs as a result of these unplanned contract cancellations. There may be additional cancellations or delays.

As a company, we have undertaken the following temporary measures to assist us in weathering the COVID-19 pandemic and allow us to recover as soon as possible:

- Planned capital and drydock expenditures tied to contracts referenced above will be temporarily delayed or cancelled. As a result of the ongoing contract cancellations and delays we postponed drydocks expected to cost approximately $23.3 million in 2020. Budgeted drydocks expenditures for 2021 are expected to be approximately $19.0 million. It is possible that additional planned drydocks will be cancelled or delayed due to contract cancellations or delays. We cannot predict the number or cost of any additional cancellations or delays.
- We have the ability to rapidly respond to contract cancellations and delays. We have or will remove the crews and shut down all operations, depending on contract terms, on vessels associated with cancelled or delayed contracts. We continue to evaluate our general and administrative costs to reflect the current demand for our offshore support vessels.

The full impact of the COVID-19 pandemic on our business and operations will depend on the severity, location, and duration of the effects and spread of the pandemic itself, the actions undertaken by national, regional, and local governments and health officials to contain the virus or treat its effects, and how quickly and to what extent economic conditions improve and normal business and operating conditions resume. As we cannot predict the duration or scope of this pandemic, the anticipated negative financial impact to our operating results cannot be reasonably estimated but could be both material and long-lasting.

In the first and second quarters of 2020, we considered these events surrounding the COVID-19 pandemic and the resulting oil price decrease and demand reduction to be indicators that the value of our active offshore vessel fleet may be impaired. As a result, as of March 31, 2020 and June 30, 2020 , we performed Step 1 evaluations of our active offshore fleet under FASB Accounting Standards Codification 360, which governs the methodology for identifying and recording impairment of long-lived assets to determine if any of our asset groups have net book value in excess of undiscounted future net cash flows. Our evaluations did not indicate impairment of any of our asset groups. During the third quarter conditions related to the pandemic and oil price environment did not worsen from the second quarter and in the fourth quarter industry conditions marginally improved compared with the third quarter. As a result, we did not identify additional events or conditions that would require us to perform a Step 1 evaluation during either quarter. We will continue to monitor the expected future cash flows and the fair market value of our asset groups for impairment.

Results of Operations

We manage and measure our business performance primarily based on four distinct geographic operating segments: Americas, Middle East/Asia Pacific, Europe/Mediterranean and West Africa.

This section of this Form 10-K generally discusses 2020 and 2019 items and year-to-year comparisons between 2020 and 2019. Discussions of 2019 items and year-to-year comparisons between 2019 and 2018 that are not included in this Form 10-K can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations and Quantitative and Qualitative Disclosures About Market Risk" in Part II, Items 7. and 7A. of the company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019**.**

Our 2020 results are affected by the following factors:

- The global COVID-19 pandemic and concurrent drop in crude oil demand and price had a substantial effect on our revenues and operations through all segments. Although we were able to reduce our costs substantially as revenues came down, the overall effect was negative on our results of operations. The cancellation and/or temporary delay of certain revenue vessel contracts reduced our 2020 revenues by approximately 18.0%. We also incurred approximately $18.0 million in higher operating costs, primarily related to additional crew costs, mobilization and vessel stacking costs as a result of these unplanned contract cancellations.

- As of December 31, 2020, we owned 149 active offshore support vessels operated in our four segments throughout the world, of which 35 were temporarily stacked.

- During 2020, we identified and reclassified 32 of our vessels from property and equipment to assets held for sale in addition to the 46 vessels designated for sale in 2019. In conjunction with the reclassification, we revalued the vessels at the lower of net book value and estimated net realizable value. During the year ended December 31, 2020, we recorded impairment expense of $75.2 million related to our assets held for sale. In 2020 we have sold 56 vessels, 53 of which were classified as assets held for sale and three of which were sold from our active fleet. We recognized $7.5 million in net gains on the sales of these vessels in 2020. At December 31, 2020 we have 23 vessels remaining in assets held for sale.

- We also recorded $53.0 million in affiliate credit loss impairment expense as a significant portion of the due from affiliate balances from our two joint ventures in Angola and Nigeria was compromised. In addition, we determined that our Nigerian joint venture would be unable to pay its debt obligation and as a result, we recorded additional impairment expense of $2.0 million for our expected share of the obligation guarantee.

The above factors are discussed in more detail and in context in the consolidated and segment results of operations comparisons for the years ended December 31, 2020 and 2019 below.

The following tables present vessel revenue by segment, vessel operating costs by segment, the related segment vessel revenue and operating costs as a percentage of segment vessel revenues, total vessel revenue and operating costs and the related total vessel revenue and operating costs as a percentage of total vessel revenues for our owned and operated vessel fleet:

(In thousands)	Year Ended December 31, 2020	%	Year Ended December 31, 2019	%
Vessel revenues:				
Americas	$ 126,676	33%	$ 136,958	29%
Middle East/Asia Pacific	97,133	25%	90,321	19%
Europe/Mediterranean	83,602	22%	123,711	26%
West Africa	78,763	20%	126,025	26%
Total vessel revenues	$ 386,174	100%	$ 477,015	100%

(In thousands)	Year Ended December 31, 2020	%	Year Ended December 31, 2019	%
Vessel operating costs:				
Americas:				
Crew costs	$ 51,830	41%	$ 63,521	46%
Repair and maintenance	7,198	6%	12,076	9%
Insurance	1,672	1%	227	0%
Fuel, lube and supplies	7,564	6%	8,332	6%
Other	9,421	7%	12,086	9%
	77,685	61%	96,242	70%
Middle East/Asia Pacific:				
Crew costs	$ 39,261	41%	$ 37,164	41%
Repair and maintenance	10,066	10%	9,409	10%
Insurance	2,344	2%	1,921	2%
Fuel, lube and supplies	7,777	8%	9,053	10%
Other	9,697	10%	7,759	9%
	69,145	71%	65,306	72%
Europe/Mediterranean:				
Crew costs	$ 37,534	45%	$ 51,018	41%
Repair and maintenance	6,421	7%	13,416	11%
Insurance	1,596	2%	2,124	2%
Fuel, lube and supplies	3,324	4%	6,627	5%
Other	6,557	8%	10,652	9%
	55,432	66%	83,837	68%
West Africa:				
Crew costs	$ 27,999	36%	$ 35,896	28%
Repair and maintenance	7,528	9%	12,860	10%
Insurance	1,583	2%	1,857	1%
Fuel, lube and supplies	10,448	13%	12,347	10%
Other	18,960	24%	20,851	17%
	66,518	84%	83,811	66%
Total:				
Crew costs	$ 156,624	41%	$ 187,599	39%
Repair and maintenance	31,213	8%	47,761	10%
Insurance	7,195	2%	6,129	1%
Fuel, lube and supplies	29,113	7%	36,359	8%
Other	44,635	12%	51,348	11%
Total vessel operating costs	268,780	70%	329,196	69%

The following tables present vessel operations general and administrative expenses by segment, the related segment vessel operations general and administrative expenses as a percentage of segment vessel revenues, total vessel operations general and administrative expenses and the related total vessel operations general and administrative expenses as a percentage of total vessel revenues.

	Year Ended December 31, 2020		Year Ended December 31, 2019	
(In thousands)		%		%
Vessel operations general and administrative expenses:				
Americas	$ 11,968	9%	$ 14,028	10%
Middle East/Asia Pacific	9,679	10%	9,618	11%
Europe/Mediterranean	7,577	9%	11,110	9%
West Africa	11,966	15%	12,751	10%
Total vessel operations general and administrative expenses	$ 41,190	11%	$ 47,507	10%

The following tables present depreciation and amortization expense by segments, the related segment depreciation and amortization expense as a percentage of segment vessel revenues, total depreciation and amortization expense and the related total depreciation and amortization expense as a percentage of total vessel revenues.

	Year Ended December 31, 2020		Year Ended December 31, 2019	
(In thousands)		%		%
Depreciation and amortization expense:				
Americas	$ 32,079	25%	$ 27,493	20%
Middle East/Asia Pacific	24,244	25%	21,440	24%
Europe/Mediterranean	29,222	35%	30,053	24%
West Africa	27,787	35%	21,166	17%
Total depreciation and amortization expense	$ 113,332	29%	$ 100,152	21%

The following tables compare operating income and other components of earnings before income taxes, and its related percentage of total revenues.

(In thousands)	Year Ended December 31, 2020	%	Year Ended December 31, 2019	%
Vessel operating profit (loss):				
Americas	$ 4,944	1%	$ (805)	0%
Middle East/Asia Pacific	(5,935)	(1)%	(6,044)	(1)%
Europe/Mediterranean	(8,629)	(2)%	(1,289)	0%
West Africa	(27,508)	(7)%	8,298	2%
	(37,128)	(9)%	160	0%
Other operating profit	7,458	2%	6,734	1%
	(29,670)	(7)%	6,894	1%
Corporate expenses (A)	(35,633)	(9)%	(57,988)	(12)%
Gain on asset dispositions, net	7,591	2%	2,263	0%
Long-lived asset impairments and other	(74,109)	(19)%	(37,773)	(8)%
Affiliate credit loss impairment expense	(52,981)	(13)%	—	0%
Affiliate guarantee obligation	(2,000)	(1)%	—	0%
Operating loss	(186,802)	(47)%	(86,604)	(18)%
Foreign exchange loss	(5,245)	(1)%	(1,269)	0%
Equity in net loss of unconsolidated companies	164	0%	(3,152)	(1)%
Dividend income from unconsolidated company	17,150	4%	—	0%
Interest income and other, net	1,228	0%	6,598	1%
Interest and other debt costs	(24,156)	(6)%	(29,068)	(6)%
Loss before income taxes	$ (197,661)	(50)%	$ (113,495)	(23)%

(A) Included in corporate expenses for the years ended December 31, 2020 and 2019 are $1.5 million and $12.6 million, respectively, of severance and termination benefits, including acceleration of restricted stock awards, for certain executive officers and other corporate employees.

Years Ended December 31, 2020 and 2019

Our total revenues for the years ended December 31, 2020 and December 31, 2019 were $397.0 million and $486.5 million, respectively. The decrease in revenue is primarily due to decreases in our West Africa with 14 less active vessels and Europe/Mediterranean segments, with 13 less active vessels. Both segments were significantly affected by the decrease in demand caused by the pandemic. Overall, we had 32 less average active vessels in the year ended December 31, 2020 than in the year ended December 31, 2019. Active utilization decreased from 80.4% in 2019 to 77.0% in 2020.

Vessel operating costs for the years ended December 31, 2020 and December 31, 2019 were $268.8 million and $329.2 million, respectively. The decrease is primarily due to a decrease in vessel activity, as we have 32 less active vessels in our fleet in the year ended December 31, 2020.

Depreciation and amortization expense for the years ended December 31, 2020 and December 31, 2019 was $116.7 million and $101.9 million, respectively. Depreciation and amortization expense were higher in the current period because of a $18.8 million increase in amortization of deferred drydocking and survey costs partially offset by lower vessel depreciation resulting from the discontinuation of depreciation on vessels classified as held for sale.

General and administrative expenses for the years ended December 31, 2020 and December 31, 2019 were $73.4 million and $103.7 million, respectively. General and administrative expenses decreased overall in 2020 because of cost cutting measures being implemented during the pandemic and a reduction in one-time severance charges incurred in 2020 compared to 2019.

The net gain on asset dispositions, for the year ended December 31, 2020 are $7.6 million of net gains, primarily from the sale of 56 vessels and other assets. During the year ended December 31, 2019, we recognized net gains of $2.3 million related to the sale of 40 vessels, primarily from our active fleet, and other assets.

During 2020, as discussed previously, we recorded $74.1 million of impairment primarily related to our vessels held for sale and $53.0 million of credit related losses associated with our two joint ventures in Nigeria and Angola. This compares to $37.8 million of impairment recorded in 2019, primarily related to our initial recognition of assets held for sale and inventory obsolescence.

Interest expense and other debt costs decreased by $4.9 million in the year ended December 31, 2020 compared to the year ended December 31, 2019. This is the result of paying down $97.1 million of our long-term debt primarily in the third and fourth quarters of 2020, offset by the acceleration of recognition of a portion of our deferred debt discount associated with the repaid debt. In addition, our interest income and other decreased by $5.4 million primarily as a result of lower cash balances in 2020 compared to 2019.

During the year ended December 31, 2020, we recognized foreign exchange losses of $5.2 million and for the year ended December 31, 2019 we recognized losses of $1.3 million. These foreign exchange losses were primarily the result of the revaluation of various foreign currencies where we conduct our business including the Norwegian Kroner, Brazilian-Reais, Angola Kwanza, British Pound and Euro which are denominated balances to our U.S. dollar reporting currency.

In addition, our income tax benefit was $1.0 million in the year ended December 31, 2020 compared with an income tax expense of $27.7 million in the year ended December 31, 2019 primarily due to the reversal of some uncertain tax positions during 2020 as well as an NOL carryback for a tax refund under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Americas Segment Operations. Vessel revenues in the Americas segment decreased 7.5%, or $10.3 million, during the year ended December 31, 2020, as compared to the year ended December 31, 2019. The decrease is primarily due to a decrease of five active vessels primarily due to the pandemic. Overall, Americas segment active utilization increased from 84.2% during 2019 to 85.7% during 2020 and average day rates during these same periods increased 7.7%, which was generally due to a greater portion of the segment's vessels being hired at current prevailing day rates which were higher than those in 2019.

Operating profit for the Americas segment for the year ended December 31, 2020, was $5.7 million greater than operating profit for the year ended December 31, 2019. Even though revenues decreased from period to period, the higher operating profit was primarily related to a $18.6 million decrease in vessel operating costs resulting from the decrease in vessel activity because of the pandemic and $2.1 million lower general and administrative cost due from ongoing cost saving efforts. These declines were partially offset by a $4.6 million increase in depreciation because of increased amortization of deferred drydock costs.

Middle East/Asia Pacific Segment Operations. Vessel revenues in the Middle East/Asia Pacific segment increased $6.8 million during the year ended December 31, 2020, as compared to the year ended December 31, 2019. The Middle East/Asia Pacific average day rates were 10.1% higher for 2020 than for 2019. Middle East/Asia Pacific segment active utilization decreased from 79.1% to 76.4% and average active vessel fleet count was flat. Our Middle East/Asia Pacific segment was only marginally affected by COVID-19.

Operating loss for the Middle East/Asia Pacific segment was approximately flat compared with the prior year because increased revenue was offset by higher vessel operating costs and an increase in depreciation resulting from increased amortization of deferred drydock costs.

Europe/Mediterranean Segment Operations. Vessel revenues in the Europe/Mediterranean segment decreased 32.4%, or $40.1 million, during the year ended December 31, 2020, as compared to the year ended December 31, 2019 primarily due to a 13 active vessel decrease. Europe/Mediterranean segment active utilization increased from 85.8% to 89.8% and average day rates increased by 5.4%. These increases in average day rates are due to the mix of vessels under longer term higher day rate contracts continuing while shorter term and spot contracts were delayed or canceled. This Segment experienced a significant downturn due to the pandemic.

Operating loss for the Europe/Mediterranean segment increased from $1.3 million for the year ended December 31, 2019 to $8.6 million in 2020 for the year ended December 31, 2020. This decrease resulted from lower revenue, which more than offset lower operating costs associated with lower vessel activity and lower general and administrative costs attributable to our ongoing cost reduction efforts.

West Africa Segment Operations. Vessel revenues in the West Africa segment decreased 37.5%, or $47.3 million, during the year ended December 31, 2020, as compared to the year ended December 31, 2019. The West Africa active vessel fleet decreased by 14 vessels during the comparative periods. West Africa segment active utilization decreased from 75.1% to 62.8% and average day rates increased by 3.2%. The decreases in revenue were mainly due to the capacity reduction and utilization decline caused by the negative impact of the pandemic. This segment had the most negative impact from the pandemic because of significant contract cancellations

The operating loss for the West Africa segment was $27.5 million for the year ended December 31, 2020, as compared to $8.3 million operating profit for the year ended December 31, 2019 primarily resulting from decreased revenue and $6.6 million of increased depreciation and amortization resulting from higher amortization of drydock costs. These declines were partially offset by lower operating costs associated with the lower vessel activity and lower general and administrative costs attributable to our ongoing cost reduction efforts.

Vessel Utilization and Average Rates by Segment

SEGMENT STATISTICS:	Year Ended December 31, 2020	Year Ended December 31, 2019
Americas fleet:		
Utilization	56.2%	54.4%
Active utilization	85.7%	84.2%
Average vessel day rates	12,702	11,796
Average total vessels	49	58
Average stacked vessels	(17)	(21)
Average active vessels	32	37
Middle East/Asia Pacific fleet:		
Utilization	66.2%	63.8%
Active utilization	76.4%	79.1%
Average vessel day rates	8,211	7,458
Average total vessels	49	52
Average stacked vessels	(7)	(10)
Average active vessels	42	42
Europe/Mediterranean fleet:		
Utilization	51.3%	60.9%
Active utilization	89.8%	85.8%
Average vessel day rates	12,700	12,052
Average total vessels	35	46
Average stacked vessels	(15)	(13)
Average active vessels	20	33
West Africa fleet:		
Utilization	37.0%	50.4%
Active utilization	62.8%	75.1%
Average vessel day rates	9,638	9,338
Average total vessels	60	73
Average stacked vessels	(24)	(23)
Average active vessels	36	50
Worldwide fleet:		
Utilization	51.8%	56.5%
Active utilization	77.0%	80.4%
Average vessel day rates	10,563	10,046
Average total vessels	193	229
Average stacked vessels	(63)	(67)
Average active vessels	130	162

Owned or chartered vessels include stacked vessels. We consider a vessel to be stacked if the vessel crew is furloughed or substantially reduced and limited maintenance is being performed on the vessel. We reduce operating costs by stacking vessels when management does not foresee opportunities to profitably or strategically operate the vessels in the near future. Vessels are stacked when market conditions warrant and they are no longer considered stacked when they are returned to active service, sold or otherwise disposed. When economically practical marketing opportunities arise, the stacked vessels can be returned to active service by performing any necessary maintenance on the vessel and either rehiring or returning fleet personnel to operate the vessel. Although not currently fulfilling charters, stacked vessels are considered to be in service and are included in the calculation of our utilization statistics.

We had 35 and 19 stacked vessels in our active fleet as of December 31, 2020 and December 31, 2019, respectively. As of December 31, 2019, we had 46 total vessels that were classified as assets held for sale. During 2020, we designated an additional 32 assets for disposition and sold 53 vessels that had been designated as held for sale plus an additional three vessels from our active fleet. At December 31, 2020, 23 vessels remain reclassified as assets held for sale in current assets.

Vessel Dispositions

We seek opportunities to sell and/or recycle our older vessels when market conditions warrant and opportunities arise. The majority of our vessels are sold to buyers who do not compete with us in the offshore energy industry. The number of vessels disposed by segment are as follows:

	Year Ended December 31, 2020	Year Ended December 31, 2019
Number of vessels disposed by segment:		
Americas	13	21
Middle East/Asia Pacific	13	2
Europe/Mediterranean	13	3
West Africa	17	14
Total	56	40

Vessel Deliveries

We did not build any vessels in the two years ended December 31, 2020. In the fourth quarter of 2020, we acquired 11 crew boats for $5.3 million which were added to our active fleet in Africa.

General and Administrative Expenses

Consolidated general and administrative expenses and the related percentage of each component to total revenues are as follows:

	Year Ended December 31, 2020		Year Ended December 31, 2019	
(In thousands)				%
Personnel	$ 36,851	9%	$ 50,616	10%
Office and property	13,483	3%	14,510	3%
Professional services	15,262	4%	15,909	3%
Other	6,344	2%	10,066	2%
Restructuring charges (A)	1,507	0%	12,615	3%
	$ 73,447	18%	$ 103,716	21%

Segment and corporate general and administrative expenses and the related percentage of total general and administrative expenses were as follows:

	Year Ended December 31, 2020		Year Ended December 31, 2019	
(In thousands)				%
Vessel operations	$ 41,190	56%	$ 47,507	46%
Other operating activities	—	0%	1	0%
Corporate	30,750	42%	43,593	42%
Restructuring charges (A)	1,507	2%	12,615	12%
	$ 73,447	100%	$ 103,716	100%

(A) Restructuring charges for the years ended December 31, 2020 and 2019 include $1.5 million and $12.6 million, respectively, of severance and termination benefits, including acceleration of restricted stock awards, for certain executive officers and other corporate employees.

General and administrative expenses for the year ended December 31, 2020 have decreased as compared to the comparable prior year primarily as a result of our continuing efforts to reduce overhead costs due to the downturn in the offshore services market.

Liquidity, Capital Resources and Other Matters

Availability of Cash

As of December 31, 2020, we had 155.2 million in cash and cash equivalents (including restricted cash), including amounts held by foreign subsidiaries, the majority of which is available to us without adverse tax consequences. Included in foreign subsidiary cash are balances held in U.S. dollars and foreign currencies that await repatriation due to various currency conversion and repatriation constraints, partner and tax related matters, prior to the cash being made available for remittance to our domestic accounts. We currently intend that earnings by foreign subsidiaries will be indefinitely reinvested in foreign jurisdictions in order to fund strategic initiatives (such as investment, expansion and acquisitions), fund working capital requirements and repay debt (both third-party and intercompany) of our foreign subsidiaries in the normal course of business. Moreover, we do not currently intend to repatriate earnings of our foreign subsidiaries to the U. S. because cash generated from our domestic businesses and the repayment of intercompany liabilities from foreign subsidiaries are currently deemed to be sufficient to fund the cash needs of our operations in the U. S.

Our objective in financing our business is to maintain and preserve adequate financial resources and sufficient levels of liquidity. We do not have a revolving credit facility. Cash and cash equivalents and future net cash provided by operating activities provide us, in our opinion, with sufficient liquidity to meet our liquidity requirements.

Indebtedness

As of December 31, 2020, we had $198.0 million of long -term debt on our consolidated balance sheet of which $27.8 million is due within one year. Of this amount, our Secured Notes total $147.0 million, which is due in August 2022. The Secured Notes have a quarterly minimum trailing year interest coverage requirement that began June 30, 2019. Compliance with this covenant has been waived from April 2021 through December 31, 2021. Minimum liquidity requirements and other covenants are set forth in the Indenture. In addition, we have $50.9 million of long-term debt in a subsidiary that is collateralized by certain of the subsidiary's vessels. This debt has similar covenants as the Secured Notes. We believe that our $155.2 million in cash on hand, plus cash generated from our operations and asset sales in 2021 will be sufficient to meet our debt obligations in 2021. Refer to Note (4) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for further details on our indebtedness.

We may from time to time seek to retire or purchase our outstanding debt through cash purchases and/or exchanges for equity securities, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Share Repurchases

No shares were repurchased during the years ended December 31, 2020, 2019 and 2018. Please refer to Note (12) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

Dividends

There were no dividends declared during the years ended December 31, 2020, 2019 and 2018. Please refer to Note (11) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

Operating Activities

Net cash provided by or used in operating activities for any period will fluctuate according to the level of business activity for the applicable period.

Net cash provided by (used in) operating activities is as follows:

(In thousands)	Year Ended December 31, 2020	Year Ended December 31, 2019
Net loss	$ (196,696)	$ (141,219)
Depreciation and amortization	73,030	77,045
Amortization of deferred drydocking and survey costs	43,679	24,886
Amortization of debt premiums and discounts	3,961	(4,877)
Provision for deferred income taxes	1,224	672
Gain on asset dispositions, net	(7,591)	(2,263)
Affiliate credit loss impairment expense	52,981	—
Affiliate guarantee obligation	2,000	—
Long-lived asset impairments	74,109	37,773
Compensation expense - stock based	5,117	19,603
Deferred drydocking and survey costs	(33,271)	(70,437)
Changes in operating assets and liabilities	(26,506)	4,162
Changes in due to/from affiliate, net	11,949	22,193
Changes in investments in, at equity, and advances to unconsolidated companies	—	1,039
Net cash provided by (used in) operating activities	$ 3,986	$ (31,423)

Net cash provided by operating activities for the year ended December 31, 2020, of $4.0 million reflects a net loss of $196.7 million, non-cash impairments of $129.1 million, non-cash depreciation and amortization of $116.7 million, a net gain on asset dispositions of $7.6 million, and stock-based compensation expense of $5.1 million. Changes in operating assets and liabilities used $26.5 million in cash while amounts due to/from affiliates provided $11.9 million in cash. We paid $33.3 million for regulatory drydocks in 2020.

Net cash used by operating activities for the year ended December 31, 2019, of $31.4 million reflects a net loss of $141.2 million, non-cash asset impairments of $37.8 million, non-cash depreciation and amortization of $101.9 million, a net gain on asset dispositions of $2.3 million and stock-based compensation expense of $19.6 million. We paid out $70.4 million for regulatory drydocks, including reactivations, in 2019. Changes in investments in, at equity, and advances to unconsolidated companies decreased by $1.0 million, primarily reflecting foreign exchange losses recognized by our 49% owned Sonatide joint venture.

Investing Activities

Net cash provided by investing activities is as follows:

(In thousands)	Year Ended December 31, 2020	Year Ended December 31, 2019
Proceeds from sales of assets	$ 38,296	$ 28,847
Additions to properties and equipment	(14,900)	(17,998)
Net cash provided by investing activities	$ 23,396	$ 10,849

Net cash provided by investing activities for the year ended December 31, 2020, was $23.4 million, reflecting proceeds from the sale of assets of $38.3 million related to the disposal of 56 vessels, 25 of which were recycled. Additions to property and equipment were comprised of $14.9 million, primarily for the purchase of eleven crew vessels, upgrades to our existing fleet and continued enhancements to our current enterprise software system.

Net cash provided by investing activities for the year ended December 31, 2019, was $10.8 million, reflecting the receipt of proceeds from the sale of assets of $28.8 million related to the disposal of 40 vessels, 22 of which were recycled. Additions to property and equipment were comprised of $18.0 million, primarily for upgrades to our existing fleet and the implementation of a new enterprise software system.

Financing Activities

Net cash used in financing activities is as follows:

(In thousands)	Year Ended December 31, 2020	Year Ended December 31, 2019
Principal payments on long-term debt	$ (98,080)	$ (133,693)
Premiums paid for redemption of secured notes	—	(11,402)
Taxes paid on share-based awards	(828)	(4,467)
Other	(857)	—
Net cash used in financing activities	$ (99,765)	$ (149,562)

Financing activities for the year ended December 31, 2020, used $99.8 million of cash, as a result of the repayment of $76.2 million of our secured notes in open market purchases and a voluntary tender offer. Financing activities also included $21.9 million of scheduled semiannual payments and additional prepayments on the TROMS offshore debt.

Financing activities for the year ended December 31, 2019, used $149.6 million of cash, as a result of the repayment of the $125.0 million of our secured notes and a $11.4 million redemption premium and consent fee, pursuant to a tender offer associated with the repayment of secured notes. Financing activities also included $8.7 million of scheduled semiannual payments on the TROMS offshore debt.

Legal Proceedings

Various legal proceedings and claims are outstanding which arose in the ordinary course of business. In the opinion of management, the amount of ultimate liability, if any, with respect to these actions, will not have a material adverse effect on our financial position, results of operations, or cash flows. Information related to various commitments and contingencies, including legal proceedings, is disclosed in Note (12) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

Contractual Obligations and Contingent Commitments

Contractual Obligations

The following table summarizes our consolidated contractual obligations as of December 31, 2020 and the effect such obligations, inclusive of interest costs, are expected to have on our liquidity and cash flows in future periods.

(In thousands)	Payments Due by Fiscal Year						
	Total	2021	2022	2023	2024	2025	More Than 5 Years
Long-term debt obligations:							
Secured notes - principal	$ 147,049	—	147,049	—	—	—	—
Secured notes - interest	18,626	11,764	6,862	—	—	—	—
Troms Offshore debt - principal	50,926	27,796	4,983	4,983	4,514	4,044	4,606
Troms Offshore debt - interest	5,104	1,896	1,079	828	577	369	355
Total long-term debt obligations:	221,705	41,456	159,973	5,811	5,091	4,413	4,961
Operating lease obligations:							
Operating leases	4,222	1,318	1,094	717	273	273	547
Total operating lease obligations:	4,222	1,318	1,094	717	273	273	547
Other long-term obligations:							
Uncertain tax positions (A)	35,305	5,870	7,206	4,025	2,260	2,771	13,173
Pension obligations	55,523	5,860	5,833	5,777	5,762	5,686	26,605
Total other long-term obligations:	90,828	11,730	13,039	9,802	8,022	8,457	39,778
Total obligations	$ 316,755	54,504	174,106	16,330	13,386	13,143	45,286

(A) These amounts represent the liability for unrecognized tax benefits under FASB Interpretation No. 48. The estimated income tax liabilities for uncertain tax positions will be settled as a result of expiring statutes, audit activity, competent authority proceedings related to transfer pricing, or final decisions in matters that are the subject of litigation in various taxing jurisdictions in which we operate. The timing of any particular settlement will depend on the length of the tax audit and related appeals process, if any, or an expiration of a statute. If a liability is settled due to a statute expiring or a favorable audit result, the settlement of the tax liability would not result in a cash payment.

Letters of Credit and Surety Bonds

In the ordinary course of business, we had other commitments that we are contractually obligated to fulfill with cash should the obligations be called. These obligations include standby letters of credit, surety bonds and performance bonds that guarantee our performance as it relates to our vessel contracts, insurance, customs and other obligations in various jurisdictions. While these obligations are not normally called, the obligation could be called by the beneficiaries at any time before the expiration date should we breach certain contractual and/or performance or payment obligations. As of December 31, 2020, we had approximately $40.5 million of outstanding standby letters of credit, surety bonds and performance bonds, geographically concentrated in Mexico, Brazil and Nigeria.

Application of Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures and disclosures of any contingent assets and liabilities at the date of the financial statements. We evaluate the reasonableness of these estimates and assumptions continually based on a combination of historical experience and other assumptions and information that comes to our attention that may vary the outlook for the future. Estimates and assumptions about future events and their effects are subject to uncertainty, and accordingly, these estimates may change as new events occur, as more experience is acquired, as additional information is obtained and as the business environment in which we operate changes. As a result, actual results may differ from estimates under different assumptions.

The Nature of Operations and Summary of Significant Accounting Policies, as described in Note (1) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K, should be read in conjunction with this Management's Discussion and Analysis of Financial Condition and Results of Operations. We have defined a critical accounting estimate as one that is important to the portrayal of our financial condition or results of operations and requires us to make difficult, subjective or complex judgments or estimates about matters that are uncertain. We believe the following critical accounting policies that affect our more significant judgments and estimates used in the preparation of our consolidated financial statements are described below. There are other items within our consolidated financial statements that require estimation and judgment, but they are not deemed critical as defined above.

Receivables and Allowance for Credit Losses

In the normal course of business, we extend credit to our customers on a short-term basis. Our principal customers are major oil and natural gas exploration, field development and production companies. We routinely review and evaluate our accounts receivable balances for collectability. The determination of the collectability of amounts due from our customers requires us to use estimates and make judgments regarding future events and trends, including monitoring our customers' payment history and current credit worthiness to determine that collectability is reasonably assured, as well as consideration of the overall business climate in which our customers operate. Expected credit losses are recorded on the initial recognition of our primary financial assets, which are trade accounts receivable and contract assets. We also have net receivable balances related to joint ventures in which we own less than 50%. We review and evaluate these receivables for collectability in a similar manner as we evaluate trade receivables. We believe that our allowance for credit losses is adequate to cover potential bad debt losses under current conditions; however, uncertainties regarding changes in the financial condition of our customers, either adverse or positive, could impact the amount and timing of any additional provisions for credit losses that may be required.

Impairment of Long-Lived Assets

We review the vessels in our active fleet for impairment whenever events occur or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. In such evaluation, the estimated future undiscounted cash flows generated by an asset group are compared with the carrying amount of the asset group to determine if a write-down may be required. With respect to vessels that are expected to remain in active service, we group together for impairment testing purposes vessels with similar operating and marketing characteristics. Due in part to the modernization of our fleet more newer vessels are being stacked and are expected to return to active service. Stacked vessels expected to return to active service are generally newer vessels, have similar capabilities and likelihood of future active service as other currently operating vessels, are generally current with classification societies in regard to their regulatory certification status, and are being actively marketed. Stacked vessels expected to return to active service are evaluated for impairment as part of their assigned active asset group and not individually.

We estimate cash flows based upon historical data adjusted for our best estimate of expected future market performance, which, in turn, is based on industry trends. The primary estimates and assumptions used in reviewing active vessel groups for impairment and estimating undiscounted cash flows include utilization rates, average day rates and average daily operating expenses. These estimates are made based on recent actual trends in utilization, day rates and operating costs and reflect management's best estimate of expected market conditions during the period of future cash flows. These assumptions and estimates have changed considerably as market conditions have changed, and they are reasonably likely to continue to change as market conditions change in the future. Although we believe our assumptions and estimates are reasonable, deviations from the assumptions and estimates could produce materially different results. Management estimates may vary considerably from actual outcomes due to future adverse market conditions or poor operating results that could result in the inability to recover the current carrying value of an asset group, thereby possibly requiring an impairment charge in the future. As our fleet continues to age, management closely monitors the estimates and assumptions used in the impairment analysis in order to properly identify evolving trends and changes in market conditions that could impact the results of the impairment evaluation.

If an asset group fails the undiscounted cash flow test, we estimate the fair value of each asset group and compare such estimated fair value to the carrying value of each asset group in order to determine if impairment exists.

Management estimates the fair value of each vessel in an asset group considered Level 3, as defined by ASC 820, Fair Value Measurements and Disclosures, by considering items such as the vessel's age, length of time stacked, likelihood of a return to active service, actual recent sales of similar vessels, among others. Third party appraisals, broker values or internal valuations based on recent sale activity are utilized for vessels expected to be sold as an operating vessel. We leverage information for vessels in a similar class, similar age, or similar specification to be used as a basis of fair value for vessels expected to be sold. Internal valuations are also prepared for vessels expected to be sold for recycling utilizing an estimated recycle value per lightweight ton based on the region of the vessel is located and the weight of the vessel and recent recycle activity. We record an impairment charge when the carrying value of an asset group exceeds its estimated fair value. In previous years, we sought opportunities to dispose of our older vessels when market conditions warranted and opportunities would arise. As a result, vessel dispositions would vary from year to year, and gains (losses) on sales of assets would also fluctuate significantly from period to period. The majority of our vessels were sold to buyers with whom we do not compete in the offshore energy industry. We continue to employ that strategy, but to a lesser extent. When circumstances warrant we review our fleet and make decisions remove assets that are not considered to be part of our long-term plans. In these circumstance we will reclassify the identified vessels as held for sale and, if necessary, we will revalue these vessels to net realizable value. We consider the valuation approach for our assets held for sale to be a Level 3 fair value measurement due to the level of estimation involved in valuing assets to be recycled or sold. We determine the fair value of the vessels held for sale using two methodologies depending on the vessel and on our planned method of disposition. We designated certain vessels to be recycled and valued those vessels using recycling yard pricing schedules based on dollars per ton. We generally value vessels that will be sold rather than recycled at the midpoint of a value range based on sales agreements or using comparative sales in the marketplace.

Income Taxes

The asset-liability method is used for determining our income tax provisions, under which current and deferred tax liabilities and assets are recorded in accordance with enacted tax laws and rates. Under this method, the amounts of deferred tax liabilities and assets at the end of each period are determined using the tax rate expected to be in effect when taxes are actually paid or recovered. In addition, we determine our effective tax rate by estimating our permanent differences resulting from differing treatment of items for tax and accounting purposes.

As a global company, we are subject to the jurisdiction of taxing authorities in the United States and by the respective tax agencies in the countries in which we operate internationally, as well as to tax agreements and treaties among these governments. Our operations in these different jurisdictions are taxed on various bases: actual income before taxes, deemed profits (which are generally determined using a percentage of revenue rather than profits) and withholding taxes based on revenue. Determination of taxable income in any tax jurisdiction requires the interpretation of the related tax laws and regulations and the use of estimates and assumptions regarding significant future events such as the amount, timing and character of deductions, permissible revenue recognition methods under the tax law and the sources and character of income and tax credits. Changes in tax laws, regulations, agreements and treaties, foreign currency exchange restrictions or our level of operations or profitability in each taxing jurisdiction could have an impact on the amount of income taxes that we provide during any given year. We are periodically audited by various taxing authorities in the United States and by the respective tax agencies in the countries in which we operate internationally. The tax audits generally include questions regarding the calculation of taxable income. Audit adjustments affecting permanent differences could have an impact on our effective tax rate.

The carrying value of our net deferred tax assets is based on our present belief that we will be unable to generate sufficient future taxable income in certain tax jurisdictions to utilize such deferred tax assets, based on estimates and assumptions. If these estimates and related assumptions change in the future, we may be required to adjust valuation allowances against our deferred tax assets resulting in additional income tax expense or benefit in our consolidated statement of operations. Management evaluates the realizability of the deferred tax assets and assesses the need for changes to valuation allowances on a quarterly basis. While we have considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the present need for a valuation allowance, in the event we were to determine that we would be able to realize our deferred tax assets in the future in excess of our net recorded amount, an adjustment to the valuation allowance would increase income in the period such determination was made. Should we determine that we would not be able to realize all or part of our net deferred tax asset in the future, an adjustment to the deferred tax asset would be charged to income in the period such determination was made.

Deferred taxes are not provided on undistributed earnings of certain non-U.S. subsidiaries and business ventures because we consider those earnings to be permanently invested abroad.

We record uncertain tax positions on the basis of a two-step process in which (1) we determine whether it is more likely than not that the tax positions would be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, we recognize the largest amount of tax benefit that was more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. The recognition and measurement of tax liabilities for uncertain tax positions in any tax jurisdiction requires the interpretation of the related tax laws and regulations as well as the use of estimates and assumptions regarding significant future events. Changes in tax laws, regulations, agreements and treaties, foreign currency exchange restrictions or our level of operations or profitability in each taxing jurisdiction could have an impact on the amount of income taxes during any given year.

New Accounting Pronouncements

For information regarding the effect of new accounting pronouncements, refer to Note (1) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk refers to the potential losses arising from changes in interest rates, foreign currency fluctuations and exchange rates, equity prices and commodity prices including the correlation among these factors and their volatility. We are primarily exposed to interest rate risk and foreign currency fluctuations and exchange risk. We enter into derivative instruments only to the extent considered necessary to meet our risk management objectives and do not use derivative contracts for speculative purposes.

Interest Rate Risk and Indebtedness

Changes in interest rates may result in changes in the fair market value of our financial instruments, interest income and interest expense. Our financial instruments that are exposed to interest rate risk are our cash equivalents. Due to the short duration and conservative nature of the cash equivalent investment portfolio, we do not expect any material loss with respect to our investments. The book value for cash equivalents is considered to be representative of its fair value.

Secured Notes

Please refer to Note (4) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for a discussion on our outstanding debt.

Because the existing terms on secured notes outstanding at December 31, 2020, bear interest at fixed rates, interest expense would not be impacted by changes in market interest rates. The following table discloses how the estimated fair value of our respective senior notes, as of December 31, 2020, would change with a 100 basis-point increase or decrease in market interest rates.

(In thousands)		Outstanding Value	Estimated Fair Value	100 Basis Point Increase	100 Basis Point Decrease
Total	$	147,049	141,382	139,366	143,433

Troms Offshore Debt

Troms Offshore had outstanding $176.1 million of NOK denominated debt and $30.4 million of U.S. denominated fixed rate debt outstanding at December 31, 2020. The following table discloses how the estimated fair value of the fixed rate Troms Offshore notes, as of December 31, 2020, would change with a 100 basis-point increase or decrease in market interest rates:

(In thousands)		Outstanding Value	Estimated Fair Value	100 Basis Point Increase	100 Basis Point Decrease
Total	$	50,926	51,557	50,817	52,328

Foreign Exchange Risk

Our financial instruments that can be affected by foreign currency exchange rate fluctuations consist primarily of cash and cash equivalents, trade receivables, trade payables and debt denominated in currencies other than the U.S. dollar. We periodically enter into spot and forward derivative financial instruments as a hedge against foreign currency denominated assets and liabilities, currency commitments, or to lock in desired interest rates. Spot derivative financial instruments are short-term in nature and settle within two business days. The fair value of spot derivatives approximates the carrying value due to the short-term nature of this instrument, and as a result, no gains or losses are recognized. We have no derivative instruments as of December 31, 2020. Forward derivative financial instruments are generally longer-term in nature but generally do not exceed one year. The accounting for gains or losses on forward contracts is dependent on the nature of the risk being hedged and the effectiveness of the hedge.

Other

Due to our international operations, we are exposed to foreign currency exchange rate fluctuations and exchange rate risks on all charter hire contracts denominated in foreign currencies. For some of our international contracts, a portion of the revenue and local expenses are incurred in local currencies with the result that we are at risk of changes in the exchange rates between the U.S. dollar and foreign currencies. We generally do not hedge against any foreign currency rate fluctuations associated with foreign currency contracts that arise in the normal course of business, which exposes us to the risk of exchange rate losses. To minimize the financial impact of these items we attempt to contract a significant majority of our services in U.S. dollars. In addition, we attempt to minimize the financial impact of these risks by matching the currency of our operating costs with the currency of the revenue streams when considered appropriate. We continually monitor the currency exchange risks associated with all contracts not denominated in U.S. dollars.

Discussions related to our joint venture operations are disclosed in Note (5) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

TIDEWATER INC.

Report on Form 10-K
Items 8, 15(a), and 15(c)

Index to Financial Statements and Schedule

All other schedules are omitted as the required information is inapplicable or the information is presented in the financial statements or the related notes.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Tidewater Inc. and subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Tidewater Inc. and subsidiaries (the "Company") as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive loss, equity, and cash flows, for each of the three years in the period ended December 31, 2020, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 4, 2021, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

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Income Taxes – Accounting for Uncertain Tax Positions – Refer to Notes 1 and 6 to the consolidated financial statements

Critical Audit Matter Description

The Company is subject to the jurisdiction of taxing authorities in the United States and by the respective international tax agencies in the countries in which the Company operates. The Company's operations in these different jurisdictions are taxed on various bases: actual income before taxes, deemed profits (which are generally determined using a percentage of revenue rather than profits), and withholding taxes based on revenue. The Company records uncertain tax positions on the basis of a two-step process in which (1) the Company determines whether it is more likely than not that the tax positions would be sustained on the basis of the technical merits of the position and (2) for those tax positions that met the more-likely-than-not recognition threshold, the Company recognizes the largest amount of tax benefit that was more than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

The recognition and measurement of tax liabilities for uncertain tax positions in any tax jurisdiction requires the interpretation of the related tax laws and regulations as well as the use of estimates and assumptions regarding significant future events. Changes in tax laws, regulations, agreements and treaties, foreign currency exchange restrictions or the Company's level of operations or profitability in each taxing jurisdiction could have an impact on the amount of income taxes during any given year. Given the significance of the tax liabilities for uncertain tax positions, multiple jurisdictions in which the Company files its tax returns, and the complexity in determining the tax liabilities for uncertain tax positions, the tax liabilities for uncertain tax positions is considered a critical estimate that involved especially challenging, subjective, or complex auditor judgment.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the tax liabilities for uncertain tax positions included the following, among others:

- We evaluated the appropriateness and consistency of management's methods and assumptions used in the identification, recognition, measurement, and disclosure of uncertain tax positions, which included testing the effectiveness of the related internal controls.

- We evaluated the completeness of the Company's recorded uncertain tax positions by evaluating income tax positions that may give rise to unrecognized tax benefits and performing inquiries with management regarding the nature and impacts of the associated financial activity leading to an income tax position, assessed prior year tax return filings to identify potential unrecorded uncertain tax positions, and considered the activities within the Company's international operating areas that may give rise to unrecognized tax benefits.

- We read and evaluated management's documentation, including relevant information obtained by management from its external tax specialists, that detailed the basis of the uncertain tax positions.

- With the assistance of our local jurisdiction tax specialists in Mexico, Portugal, and Saudi Arabia, we evaluated the reasonableness of the Company's accounting for certain uncertain tax positions by evaluating the technical merits of the methods, assumptions, and judgments used by management to determine the future resolution of the tax liabilities for uncertain tax positions.

- For those uncertain tax positions that had not been effectively settled, we evaluated whether management had appropriately considered new information that could significantly change the recognition, measurement or disclosure of the uncertain tax positions.

- We considered evidence obtained in other areas of the audit to determine if the uncertain tax positions were appropriate.

Asset Impairments – Refer to Notes 1 and 8 to the consolidated financial statements

Critical Audit Matter Description

The Company reviews the vessels in its fleet for impairment whenever events occur or changes in circumstances indicate the carrying amount of an asset group may not be recoverable.

When the Company identifies an indicator of impairment, the Company will perform an evaluation comparing the estimated future undiscounted cash flows generated by an asset group with the carrying amount of the asset group to determine if a write-down may be required. The primary estimates and assumptions used in reviewing active vessel groups for impairment and estimating undiscounted cash flows include utilization rates, average day rates and average daily operating expenses. These estimates are based on recent actual trends in utilization, day rates and operating costs for vessels in similar classes and operating regions. The trends are adjusted to reflect management's best estimate of expected market conditions during the period of future cash flows.

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We identified impairment of vessels as a critical audit matter because of the significant judgments made by management to identify indicators of impairment and develop assumptions utilized in the impairment model, as well as the value to apply to vessels expected to be sold or recycled. This requires a high degree of auditor judgment and increased extent of effort related to evaluating indicators of impairment and forecast assumptions.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the Company's vessel impairment analysis included the following, among others:

- We tested the effectiveness of relevant controls over management's identification of impairment indicators and the review of future cash flow assumptions utilized in the impairment model.

- We evaluated the Company's identification of impairment indicators and future cash flow assumptions utilized in the vessel impairment analysis by:

  - Corroborating information used through independent inquiries of marketing and operations personnel.

  - Considering industry and analysts reports and the impact of macroeconomic factors, such as future oil and gas prices, on the Company's process for identifying indicators of impairment and future cash flow assumptions.

  - Comparing future cash flow assumptions, including day rate and utilization, against historical performance for periods with comparable market environment characteristics.

Assets Held for Sale – Refer to Notes 1 and 8 to the consolidated financial statements

Critical Audit Matter Description

The Company reviews its vessels classified as held for sale on a quarterly basis to ensure the vessels meet criteria required for held for sale classification and revalues the vessels to determine whether any fair value adjustments are required to measure the vessels at the lower of fair value less cost to sell or carrying value prior to classification as held for sale.

In order to estimate the fair value less cost to sell for the vessels, the Company prepares internal valuations based on recent sales activities for vessels expected to be sold as an operating vessel. The Company leverages information for vessels in a similar class, similar age, or similar specification to be used as a basis of fair value. Internal valuations are also prepared for vessels expected to be recycled utilizing an estimated value per lightweight ton based on the region of the vessel is located, the weight of the vessel and recent recycling activity.

We identified valuation of vessels held for sale as a critical audit matter because of the significant judgments made by management to apply to vessels expected to be sold or recycled. This requires a high degree of auditor judgment, including the involvement of fair value specialists, and increased extent of effort related to analyzing the selected value.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the valuation of the Company's vessels held for sale included the following, among others:

- We tested the effectiveness of relevant controls over management's assessment of held for sale classification criteria and assumptions of fair value, such as estimated value per lightweight ton and recent sales and recycling activity.

- With the assistance of our internal valuation specialists, we tested the Company's estimate of fair value less cost to sell by:

  - Evaluating whether comparable sales were appropriately utilized to estimate the fair value of the vessels expected to be sold,

  - Testing the source information underlying management's valuation assumptions, including vessel specifications and estimated recycling prices, and

  - Testing the market data for the specified vessels by:

    - § Researching comparable sales for vessels with similar specifications,

    - § Utilizing third-party data to source comparable vessels, and

    - § Comparing the relevant data provided by management to our independently researched market data and found all vessels lied within our range.

/s/ Deloitte & Touche LLP

Houston, Texas
March 4, 2021

We have served as the Company's auditor since 2004.

TIDEWATER INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and par value data)

ASSETS	December 31, 2020	December 31, 2019
Current assets:		
Cash and cash equivalents	$ 149,933	$ 218,290
Restricted cash	2,079	5,755
Trade and other receivables, less allowance for credit losses of $1,516 as of December 31, 2020 and less allowance for doubtful accounts of $70 as of December 31, 2019	112,623	110,180
Due from affiliate, less allowance for credit losses of $71,800 as of December 31, 2020 and less due from affiliate allowance of $20,083 as of December 31, 2019	62,050	125,972
Marine operating supplies	15,876	21,856
Assets held for sale	34,396	39,287
Prepaid expenses and other current assets	11,692	15,956
Total current assets	388,649	537,296
Net properties and equipment	780,318	938,961
Deferred drydocking and survey costs	56,468	66,936
Other assets	25,742	36,335
Total assets	1,251,177	1,579,528
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 16,981	$ 27,501
Accrued expenses	52,422	74,000
Due to affiliate	53,194	50,186
Current portion of long-term debt	27,797	9,890
Other current liabilities	32,785	24,100
Total current liabilities	183,179	185,677
Long-term debt	164,934	279,044
Other liabilities	79,792	98,397
Commitments and contingencies		
Equity:		
Common stock of $0.001 par value, 125,000,000 shares authorized,40,704,984 and 39,941,327 shares issued and outstanding at December 31, 2020 and 2019, respectively	41	40
Additional paid-in capital	1,371,809	1,367,521
Accumulated deficit	(548,931)	(352,526)
Accumulated other comprehensive loss	(804)	(236)
Total stockholders’ equity	822,115	1,014,799
Noncontrolling interests	1,157	1,611
Total equity	823,272	1,016,410
Total liabilities and equity	$ 1,251,177	$ 1,579,528

See accompanying Notes to Consolidated Financial Statements.

TIDEWATER INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share and per share data)

	Year Ended December 31,		
	2020	2019	2018
Revenues:			
Vessel revenues	$ 386,174	$ 477,015	$ 397,206
Other operating revenues	10,864	9,534	9,314
	397,038	486,549	406,520
Costs and expenses:			
Vessel operating costs	268,780	329,196	269,580
Costs of other operating revenues	3,405	2,800	5,530
General and administrative	73,447	103,716	110,023
Depreciation and amortization	116,709	101,931	58,293
Gain on asset dispositions, net	(7,591)	(2,263)	(10,624)
Impairment of due from affiliate	—	—	20,083
Affiliate credit loss impairment expense	52,981	—	—
Affiliate guarantee obligation	2,000	—	—
Long-lived asset impairments and other	74,109	37,773	61,132
	583,840	573,153	514,017
Operating loss	(186,802)	(86,604)	(107,497)
Other income (expense):			
Foreign exchange gain (loss)	(5,245)	(1,269)	106
Equity in net losses of unconsolidated companies	164	(3,152)	(18,864)
Dividend income from unconsolidated company	17,150	—	—
Interest income and other, net	1,228	6,598	11,294
Loss on early extinguishment of debt	—	—	(8,119)
Interest and other debt costs, net	(24,156)	(29,068)	(30,439)
	(10,859)	(26,891)	(46,022)
Loss before income taxes	(197,661)	(113,495)	(153,519)
Income tax (benefit) expense	(965)	27,724	18,252
Net loss	$ (196,696)	$ (141,219)	$ (171,771)
Less: Net income (losses) attributable to noncontrolling interests	(454)	524	(254)
Net loss attributable to Tidewater Inc.	$ (196,242)	$ (141,743)	$ (171,517)
Basic loss per common share	(4.86)	(3.71)	(6.45)
Diluted loss per common share	(4.86)	(3.71)	(6.45)
Weighted average common shares outstanding	40,354,638	38,204,934	26,589,883
Dilutive effect of stock options and restricted stock	—	—	—
Adjusted weighted average common shares	40,354,638	38,204,934	26,589,883

See accompanying Notes to Consolidated Financial Statements.

TIDEWATER INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Year Ended December 31,		
(In thousands)	2020	2019	2018
Net loss	$ (196,696)	$ (141,219)	$ (171,771)
Other comprehensive income (loss):			
Unrealized gains (losses) on available for sale securities, net of tax of $0, $0, and $0, respectively	—	—	(256)
Change in supplemental executive retirement plan pension liability, net of tax of $0, $0, and $0, respectively	(2,309)	(2,121)	2,214
Change in pension plan minimum liability, net of tax of $0, $0, and $0, respectively	1,741	(309)	1,919
Change in other benefit plan minimum liability, net of tax of $0, $0 and $0, respectively	—	—	(1,536)
Total comprehensive loss	$ (197,264)	$ (143,649)	$ (169,430)

See accompanying Notes to Consolidated Financial Statements.

TIDEWATER INC.
CONSOLIDATED STATEMENTS OF EQUITY

(In thousands)	Common stock	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income (loss)	Noncontrolling interest	Total
Balance at December 31, 2017	$ 22	1,059,120	(39,266)	(147)	2,215	1,021,944
Total comprehensive loss	—	—	(171,517)	2,341	(254)	(169,430)
Issuance of common stock from exercise of warrants	6	(3)	—	—	—	3
Issuance of common stock for GulfMark business combination	9	285,483	—	—	—	285,492
Amortization of restricted stock units	—	8,914	—	—	—	8,914
Cash paid to noncontrolling interests	—	(1,126)	—	—	(874)	(2,000)
Balance at December 31, 2018	37	1,352,388	(210,783)	2,194	1,087	1,144,923
Total comprehensive loss	—	—	(141,743)	(2,430)	524	(143,649)
Issuance of common stock from exercise of warrants	3	(3)	—	—	—	—
Amortization of restricted stock units	—	15,136	—	—	—	15,136
Balance at December 31, 2019	40	1,367,521	(352,526)	(236)	1,611	1,016,410
Total comprehensive loss	—	—	(196,242)	(568)	(454)	(197,264)
Adoption of credit loss accounting standard	—	—	(163)	—	—	(163)
Issuance of common stock from exercise of warrants	1	(1)	—	—	—	—
Amortization of restricted stock units	—	4,289	—	—	—	4,289
Balance at December 31, 2020	$ 41	1,371,809	(548,931)	(804)	1,157	823,272

See accompanying Notes to Consolidated Financial Statements.

TIDEWATER INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Year Ended December 31, 2020	2019	2018
Operating activities:			
Net loss	$ (196,696)	$ (141,219)	$ (171,771)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	73,030	77,045	51,332
Amortization of deferred drydocking and survey costs	43,679	24,886	6,961
Amortization of debt premiums and discounts	3,961	(4,877)	(1,856)
Provision for deferred income taxes	1,224	672	572
Gain on asset dispositions, net	(7,591)	(2,263)	(10,624)
Impairment of due from affiliate	—	—	20,083
Affiliate credit loss impairment expense	52,981	—	—
Affiliate guarantee obligation	2,000	—	—
Long-lived asset impairments and other	74,109	37,773	61,132
Loss on debt extinguishment	—	—	8,119
Changes in investments in unconsolidated companies	—	1,039	28,177
Stock-based compensation expense	5,117	19,603	13,406
Changes in operating assets and liabilities, net:			
Trade and other receivables	(2,606)	1,086	9,088
Changes in due to/from affiliate, net	11,949	22,193	28,644
Marine operating supplies	2,588	2,425	(1,955)
Other current assets	4,264	(4,120)	10,893
Accounts payable	(10,520)	(4,438)	(15,174)
Accrued expenses	(17,551)	8,189	(13,348)
Other current liabilities	8,685	3,008	1,332
Other liabilities and deferred credits	(20,002)	1,270	(2,023)
Deferred drydocking and survey costs	(33,271)	(70,437)	(25,968)
Other, net	8,636	(3,258)	6,921
Net cash provided by (used in) operating activities	3,986	(31,423)	3,941
Cash flows from investing activities:			
Proceeds from sales of assets	38,296	28,847	46,115
Additions to properties and equipment	(14,900)	(17,998)	(21,391)
Cash and cash equivalents from stock-based merger	—	—	43,806
Net cash provided by investing activities	23,396	10,849	68,530
Cash flows from financing activities:			
Principal payments on long-term debt	(98,080)	(133,693)	(105,169)
Premium paid for redemption of secured notes	—	(11,402)	—
Cash payments to General Unsecured Creditors	—	—	(8,377)
Loss on debt extinguishment	—	—	(8,119)
Cash received for issuance of common stock	—	—	3
Tax on share-based award	(828)	(4,467)	(4,400)
Other	(857)	—	(2,000)
Net cash used in financing activities	(99,765)	(149,562)	(128,062)
Net change in cash, cash equivalents and restricted cash	(72,383)	(170,136)	(55,591)
Cash, cash equivalents and restricted cash at beginning of period	227,608	397,744	453,335
Cash, cash equivalents and restricted cash at end of period	$ 155,225	$ 227,608	$ 397,744

Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Interest, net of amounts capitalized	$ 21,235	$ 32,687	$ 32,326
Income taxes	$ 13,018	$ 14,378	$ 16,828
Supplemental disclosure of noncash investing activities:			
Merger with GulfMark	$ —	$ —	$ 285,492
Supplemental disclosure of noncash financing activities:			
Common stock issued for GulfMark merger	$ —	$ —	$ 285,492

Cash, cash equivalents and restricted cash at December 31, 2020 and 2019 includes $3.2 million and $3.6 million, respectively, in long-term restricted cash.

See accompanying Notes to Consolidated Financial Statements.

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

We provide offshore service vessels and marine support services to the global offshore energy industry through the operation of a diversified fleet of offshore marine service vessels. Our revenues, net earnings and cash flows from operations are dependent upon the activity level of the vessel fleet (utilization) and the price we are able to charge for these services (day-rate). The level of our business activity is driven by the amount of installed offshore oil and gas production facilities, the level of offshore drilling and exploration activity, and the general level of offshore construction projects such as pipeline and windfarm construction and support. Our customers' offshore activity, in turn, is dependent on crude oil and natural gas prices, which fluctuate depending on the respective levels of supply and demand for crude oil and natural gas and the future outlook for such levels.

Unless otherwise required by the context, the terms "we", "us", "our" and "company" as used herein refer to Tidewater Inc. and its consolidated subsidiaries and predecessors.

Principles of Consolidation

The consolidated financial statements include the accounts of Tidewater Inc. and its subsidiaries. Intercompany balances and transactions are eliminated in consolidation.

Business Combination

On November 15, 2018 (the Merger Date) we completed our business combination with GulfMark Offshore, Inc. (GulfMark). Assets acquired and liabilities assumed in the business combination have been recorded at their estimated fair values as of the Merger Date under the acquisition method of accounting. The estimated fair values of certain assets and liabilities require judgments and assumptions. Refer to Note (2), for further details on the impact of this business combination on our consolidated financial statements.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the recorded amounts of revenues and expenses during the reporting period. The accompanying consolidated financial statements include estimates for allowance for credit losses, useful lives of property and equipment, income tax provisions, impairments, commitments and contingencies and certain accrued liabilities. We evaluate our estimates and assumptions on an ongoing basis based on a combination of historical information and various other assumptions that are considered reasonable under the particular circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. These accounting policies involve judgment and uncertainties to such an extent that there is reasonable likelihood that materially different amounts could have been reported under different conditions or if different assumptions had been used and, as such, actual results may differ from these estimates.

Cash Equivalents

We consider all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Restricted Cash

We consider cash as restricted when there are contractual agreements that govern the use or withdrawal of the funds.

Marine Operating Supplies

Marine operating supplies, which consist primarily of operating parts and supplies for our vessels as well as fuel, are stated at the lower of weighted-average cost or net realizable value.

Properties and Equipment

Depreciation and Amortization

Upon emergence from Chapter 11 bankruptcy on July 31, 2017, properties and equipment were stated at their fair market values in accordance with fresh-start accounting. Properties and equipment acquired subsequent to fresh start are stated at their acquisition cost. Depreciation is computed primarily on the straight-line basis beginning on acquisition date or on the date construction is completed, with salvage values of 7.5% for marine equipment, using estimated useful lives of 10 - 20 years for marine equipment and 3 - 10 years for other properties and equipment. Depreciation is provided for all vessels unless a vessel meets the criteria to be classified as held for sale. Estimated remaining useful lives are reviewed when there has been a change in circumstances that indicates the original estimated useful life may no longer be appropriate. Upon retirement or disposal of a fixed asset, the costs and related accumulated depreciation are removed from the respective accounts and any gains or losses are included in our consolidated statements of operations.

Maintenance and Repairs

The majority of our vessels require certification inspections twice in every five-year period. These costs include drydocking and survey costs necessary to ensure compliance with applicable regulations and maintain certifications for vessels with classification societies. These certification costs are typically incurred while the vessel is in drydock and may be incurred concurrent with other vessel maintenance and improvement activities. Costs related to the certification of vessels are deferred and amortized over 30 months on a straight-line basis.

Maintenance costs incurred at the time of the recertification drydocking that are not related to the certification of the vessel are expensed as incurred.

Costs related to vessel improvements that either extend the vessel's useful life or increase the vessel's functionality are capitalized and depreciated. Vessel modifications that are performed for a specific customer contract are capitalized and amortized over the firm contract term. Major modifications to equipment that are being performed not only for a specific customer contract are capitalized and amortized over the remaining life of the equipment.

Net Properties and Equipment

The following are summaries of net properties and equipment:

(In thousands)	December 31, 2020	December 31, 2019
Properties and equipment:		
Vessels and related equipment	$ 940,175	$ 1,051,558
Other properties and equipment	16,861	13,119
	957,036	1,064,677
Less accumulated depreciation and amortization	176,718	125,716
Net properties and equipment	$ 780,318	$ 938,961

As of December 31, 2020, we owned 172 offshore service vessels, including 23 that were reclassified as assets held for sale in current assets. Excluding the 23 vessels held for sale, we owned 149 vessels, 114 of which were actively employed and 35 of which were stacked. As of December 31, 2019, we owned 217 vessels, including 46 that were classified as held for sale and 19 that were stacked. We consider a vessel to be stacked if the vessel crew is disembarked and limited maintenance is being performed. We reduce operating costs by stacking vessels when we do not foresee opportunities to profitably or strategically operate the vessels in the near future. Vessels are stacked when market conditions warrant and they are removed from stack when they are returned to active service, sold or otherwise disposed. We consider our current stacked vessels to be available for return to service. Stacked vessels are considered to be in service and are included in our utilization statistics. Refer to Note (8) for additional discussion of our asset impairments and the reclassification of the vessels held for sale.

Impairment of Long-Lived Assets

We review the vessels in our active fleet for impairment whenever events occur or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. In such evaluation, the estimated future undiscounted cash flows generated by an asset group are compared with the carrying amount of the asset group to determine if a write-down may be required. With respect to vessels that are expected to remain in active service, we group together for impairment testing purposes vessels with similar operating and marketing characteristics. Due in part to the modernization of our fleet more newer vessels are being stacked and are expected to return to active service. Stacked vessels expected to return to active service are generally newer vessels, have similar capabilities and likelihood of future active service as other currently operating vessels, are generally current with classification societies in regard to their regulatory certification status, and are being actively marketed. Stacked vessels expected to return to active service are evaluated for impairment as part of their assigned active asset group and not individually.

We estimate cash flows based upon historical data adjusted for our best estimate of expected future market performance, which, in turn, is based on industry trends. The primary estimates and assumptions used in reviewing active vessel groups for impairment and estimating undiscounted cash flows include utilization rates, average day rates and average daily operating expenses. These estimates are made based on recent actual trends in utilization, day rates and operating costs and reflect management's best estimate of expected market conditions during the period of future cash flows. These assumptions and estimates have changed considerably as market conditions have changed, and they are reasonably likely to continue to change as market conditions change in the future. Although we believe our assumptions and estimates are reasonable, deviations from the assumptions and estimates could produce materially different results. Management estimates may vary considerably from actual outcomes due to future adverse market conditions or poor operating results that could result in the inability to recover the current carrying value of an asset group, thereby possibly requiring an impairment charge in the future. As our fleet continues to age, management closely monitors the estimates and assumptions used in the impairment analysis in order to properly identify evolving trends and changes in market conditions that could impact the results of the impairment evaluation.

If an asset group fails the undiscounted cash flow test, we estimate the fair value of each asset group and compare such estimated fair value to the carrying value of each asset group in order to determine if impairment exists.

In addition to the periodic review of our active long-lived assets for impairment when circumstances warrant, we also perform a review of our stacked vessels not expected to return to active service whenever changes in circumstances indicate that the carrying amount of a vessel may not be recoverable.

Refer to Note (8) for discussion of our evaluations of long-lived assets for impairment during 2020.

Accrued Property and Liability Losses

Effective July 1, 2018, we ceased self-insuring claims through our insurance subsidiary. Insurance coverage is now provided by third party insurers. We establish case-based reserves for estimates of reported losses on outstanding claims, estimates received from ceding reinsurers, and reserves based on past experience of unreported losses. Such losses principally relate to our vessel operations and are included as a component of vessel operating costs in the consolidated statements of earnings. The liability for such losses and the related reimbursement receivable from reinsurance companies are classified in the consolidated balance sheets into current and noncurrent amounts based upon estimates of when the liabilities will be settled and when the receivables will be collected.

Pension Benefits

We follow the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 715, Compensation – Retirement Benefits*,* and use a December 31 measurement date for determining net periodic benefit costs, benefit obligations and the fair value of plan assets. Net periodic pension costs and accumulated benefit obligations are determined using a number of assumptions including the discount rates used to measure future obligations and expenses, retirement ages, mortality rates, expected long-term return on plan assets, and other assumptions, all of which have a significant impact on the amounts reported.

Our pension cost consists of service costs, interest costs, expected returns on plan assets, amortization of prior service costs or benefits and actuarial gains and losses. We consider a number of factors in developing pension assumptions, including an evaluation of relevant discount rates, expected long-term returns on plan assets, plan asset allocations, expected changes in retirement benefits, analyses of current market conditions and input from actuaries and other consultants.

For the long-term rate of return, we developed assumptions regarding the expected rate of return on plan assets based on historical experience and projected long-term investment returns, which consider the plan's target asset allocation and long-term asset class return expectations. Assumptions for the discount rate reflect the theoretical rate at which liabilities could be settled in the bond market at December 31, 2020.

Income Taxes

Income taxes are accounted for in accordance with the provisions of ASC 740, *Income Taxes*. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred taxes are not provided on undistributed earnings of certain non-U.S. subsidiaries and business ventures because we consider those earnings to be permanently invested abroad.

We record uncertain tax positions on the basis of a two-step process in which (1) we determine whether it is more likely than not that the tax positions would be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, we recognize the largest amount of tax benefit that was more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. The recognition and measurement of tax liabilities for uncertain tax positions in any tax jurisdiction requires the interpretation of the related tax laws and regulations as well as the use of estimates and assumptions regarding significant future events. Changes in tax laws, regulations, agreements and treaties, foreign currency exchange restrictions or our level of operations or profitability in each taxing jurisdiction could have an impact on the amount of income taxes during any given year.

Revenue Recognition

Our primary source of revenue is derived from time charter contracts of our vessels on a rate per day of service basis; therefore, vessel revenues are recognized on a daily basis throughout the contract period. The base rate of hire for a time charter contract is generally a fixed rate, provided, however, that some longer-term contracts at times include escalation clauses to recover specific additional costs.

Operating Costs

Vessel operating costs are incurred on a daily basis and consist primarily of costs such as crew wages; repair and maintenance; insurance; fuel, lube oil and supplies; and other vessel expenses, which include costs such as brokers' commissions, training costs, agent fees, port fees, canal transit fees, temporary importation fees, vessel certification fees, and satellite communication fees. Repair and maintenance costs include both routine costs and major repairs carried out during drydockings, which occur during the economic useful life of the vessel. Vessel operating costs are recognized as incurred on a daily basis.

Foreign Currency Translation

The U.S. dollar is the functional currency for all of our existing international operations, as transactions in these operations are predominately denominated in U.S. dollars. Foreign currency exchange gains and losses from the revaluation of our foreign currency denominated monetary assets and liabilities are included in the consolidated statements of operations.

Earnings Per Share

We report both basic earnings (loss) per share and diluted earnings (loss) per share. The calculation of basic earnings (loss) per share is computed based on the weighted average number of shares of common stock outstanding. Diluted earnings (loss) per share is computed based on the weighted average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. Diluted earnings (loss) per share includes the dilutive effect of stock options and restricted stock grants (both time and performance based) awarded as part of our share-based compensation and incentive plans. Per share amounts disclosed in these Notes to Consolidated Financial Statements, unless otherwise indicated, are on a diluted basis.

The components of basic and diluted earnings (loss) per share, are as follows:

	Year Ended December 31,		
(In thousands, except share and per share data)	2020	2019	2018
Net loss available to common shareholders	$ (196,242)	$ (141,743)	$ (171,517)
Weighted average outstanding shares of common stock, basic	40,354,638	38,204,934	26,589,883
Dilutive effect of options, warrants and stock awards	—	—	—
Weighted average common stock and equivalents	40,354,638	38,204,934	26,589,883
Loss per share, basic	$ (4.86)	$ (3.71)	$ (6.45)
Loss per share, diluted	$ (4.86)	$ (3.71)	$ (6.45)
Additional information:			
Incremental "in-the-money" options, warrants, and restricted stock awards and units outstanding at the end of the period (A)	2,235,310	2,483,956	5,282,574

(A) For years ended December 31, 2020, 2019 and 2018 we also had 5,923,399 shares of “out-of- the-money” warrants outstanding at the end of each period.

Concentrations of Credit Risk

Our financial instruments that are exposed to concentrations of credit risk consist primarily of trade and other receivables from a variety of domestic, international and national energy companies. We manage our exposure to risk by performing ongoing credit evaluations of our customers’ financial condition and may at times require prepayments or other forms of collateral. We also have net receivable balances related to joint ventures in which we own less than 50%. We review and evaluate these receivables for collectability in a similar manner as we evaluate trade receivables. We maintain an allowance for credit loss based on expected collectability and do not believe we are generally exposed to concentrations of credit risk that are likely to have a material adverse impact on our financial position, results of operations, or cash flows.

Stock-Based Compensation

Stock-based compensation transactions are accounted for using a fair-value-based method. We use the Black-Scholes option-pricing model to determine the fair-value of stock-based awards.

Comprehensive Income (Loss)

We report total comprehensive income (loss) and its components. Accumulated other comprehensive income (loss) is comprised of unrealized gains and losses on available-for-sale securities and any minimum pension liability for our U.S. Defined Benefits Pension Plans.

Fair Value Measurements

We follow the provisions of ASC 820, for financial assets and liabilities that are measured and reported at fair value on a recurring basis. ASC 820 establishes a hierarchy for inputs used in measuring fair value. Fair value is calculated based on assumptions that market participants would use in pricing assets and liabilities and not on assumptions specific to the entity. The statement requires that each asset and liability carried at fair value be classified into one of the following categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

Our primary financial instruments consist of cash and cash equivalents, restricted cash, trade receivables and trade payables with book values that are considered to be representative of their respective fair values.

Our cash equivalents, which are securities with maturities less than 90 days, are held in money market funds or time deposit accounts with highly rated financial institutions. The carrying value for cash equivalents is considered to be representative of its fair value due to the short duration and conservative nature of the cash equivalent investment portfolio

Recently Adopted Accounting Pronouncements

From time-to-time new accounting pronouncements are issued by the FASB that we adopt as of the specified effective date. Unless otherwise discussed, management believes that the impact of recently issued standards, which are not yet effective, will not have a material impact on our consolidated financial statements upon adoption.

On August 28, 2018, the FASB issued Accounting Standards Update (ASU) 2018-13, Fair Value Measurement: - Changes to The Disclosure Requirements for Fair Value Measurement, which eliminates, adds and modifies certain disclosure requirements for fair value measurements as part of its disclosure framework project. Entities will no longer be required to disclose the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, but public companies will be required to disclose the range and weighted average used to develop significant unobservable inputs for Level 3 fair value measurements. We adopted this standard on January 1, 2020 and it did not have any impact on our consolidated financial position, net earnings or cash flow. See Note (8) for application of this standard.

On June 16, 2016, the FASB issued ASU 2016-13, Financial Instruments–Credit Losses, which introduces a new model for recognizing credit losses on financial instruments based on an estimate of current expected credit losses. The new model will apply to: (i) loans, accounts receivable, trade receivables, and other financial assets measured at amortized cost, (ii) loan commitments and certain other off-balance sheet credit exposures, (iii) debt securities and other financial assets measured at fair value through other comprehensive income and (iv) beneficial interests in securitized financial assets.

Expected credit losses are recognized on the initial recognition of our trade accounts receivable, contract assets and net amounts due from our less than 50% owned joint ventures. In each subsequent reporting period, even if a loss has not yet been incurred, credit losses are recognized based on the history of credit losses and current conditions, as well as reasonable and supportable forecasts affecting collectability. We developed an expected credit loss model applicable to our trade accounts receivable and contract assets that considers our historical performance and the economic environment, as well as the credit risk and its expected development for each group of customers that share similar risk characteristics. We segmented our trade accounts receivable and contract assets by type of client, except for individual account balances that have deteriorated in credit quality, which are evaluated individually. We then determined, for each of these client asset groups, the average expected credit loss utilizing our actual credit loss experience over the last five years, which was adjusted as discussed above, and was applied to the balance attributable to each segment in our trade accounts receivable and contract asset balances. We review and evaluate our net receivables due from joint ventures for collectability in a similar manner as we evaluate trade receivables. This standard was adopted through a cumulative-effect adjustment to the accumulated deficit as of January 1, 2020, which is the beginning of the first period in which this guidance is effective. Periods prior to the adoption date that are presented for comparative purposes are not adjusted. Adopting this standard on January 1, 2020 increased the allowance for expected credit losses by approximately $0.2 million.

Activity in the allowance for credit losses for the year ended December 31, 2020 is as follows:

(In thousands)	Trade and Other Receivables	Due from Affiliate
Balance at January 1, 2020	$ 70	$ 20,083
Cumulative effect adjustment upon adoption of standard	163	—
Current period provision for expected credit losses	1,283	52,981
Other	—	(1,264)
Balance at December 31, 2020	$ 1,516	$ 71,800

Recently Issued Accounting Standards Not Yet Adopted

In December 2019, the FASB issued ASU 2019-12, Simplifying the Accounting for Income Taxes, which simplifies the accounting for income taxes by removing certain exceptions to the general principles in Topic 740 and clarifying and amending existing guidance to simplify the accounting for income taxes. The guidance is effective for annual and interim periods beginning after December 15, 2020 with early adoption permitted. We adopted this standard on January 1, 2021 and it will not have a material impact on our consolidated financial statements and related disclosures.

In August 2018 the FASB issued ASU 2018-14, Compensation – Retirement Benefits – Defined Benefit Plans – General, which modifies the disclosure requirements for employers that sponsor defined benefit plans or other postretirement plans. This ASU removes certain disclosures that no longer are considered cost beneficial, clarifies the specific requirements of certain other disclosures, and adds disclosure requirements identified as relevant. The guidance is effective for annual and interim periods beginning after December 15, 2020 with early adoption permitted. We adopted this standard on January 1, 2021 and it will not have a material impact on our defined benefit plan disclosures.

(2) BUSINESS COMBINATION

On the Merger Date, we completed our business combination with GulfMark pursuant to the Agreement and Plan of Merger, dated July 15, 2018 (the "business combination"). GulfMark's results are included in our consolidated results beginning on the Merger Date.

Revenues of GulfMark from the Merger Date included in our consolidated statements of operations were $12.7 million for the year ended December 31, 2018. The net loss of GulfMark from the Merger Date was $30.6 million for the year ended December 31, 2018.

Purchase Consideration

Upon completion of the business combination, GulfMark stockholders received 1.1 (the Exchange Ratio) shares of Tidewater common stock in exchange for each share of GulfMark owned. Outstanding GulfMark Creditor Warrants (GLF Creditor Warrants) and GulfMark Equity Warrants (GLF Equity Warrants) were assumed from GulfMark with each warrant becoming exercisable for 1.1 shares of Tidewater common stock on substantially the same terms and conditions as provided in the warrant agreements governing the GLF Creditor Warrants and the GLF Equity Warrants. All outstanding GulfMark restricted stock units (awards granted to GulfMark directors and management prior to the merger) were converted into substantially similar awards to acquire Tidewater common stock with the number of restricted stock units being adjusted by the Exchange Ratio. The fair value of the Tidewater common stock and warrants issued as part of the consideration paid for GulfMark was determined based on the closing price of Tidewater's common stock on the New York Stock Exchange on November 14, 2018.

Upon consummation of the business combination, we utilized cash from GulfMark and cash on hand to repay the $100 million outstanding balance of GulfMark's term loan facility. The total purchase consideration for this business combination was $385.5 million.

Assets Acquired and Liabilities Assumed

Assets acquired and liabilities assumed in the business combination have been recorded at their estimated fair values as of the Merger Date under the acquisition method of accounting. The estimated fair values of certain assets and liabilities including long-lived assets and contingencies require judgments and assumptions. There were no adjustments to the original fair value estimates during the measurement period subsequent to the Merger Date.

Upon consummation of the business combination, the $100.0 million GulfMark term loan was repaid. The amounts for assets acquired and liabilities as of the Merger Date were as follows:

(In thousands)	Estimated Fair Value
Assets:	
Current assets	$ 77,942
Property and equipment	360,701
Other assets	779
Liabilities:	
Current liabilities	33,881
Long term debt	100,000
Other liabilities	20,049
Net assets acquired	$ 285,492

Business Combination Related Costs

Business combination related costs were expensed as incurred and consisted of various advisory, legal, accounting, valuation and other professional fees totaling $9.0 million for the year ended December 31, 2018. These costs are included in general and administrative expense in our consolidated statement of operations.

Property and Equipment

Property and equipment acquired in the business combination consisted primarily of 65 offshore support vessels. We recorded property and equipment acquired at its estimated fair value of approximately $361.0 million. The fair values of the offshore support vessels were estimated by applying an income approach, using projected discounted cash flows or a market approach. We estimated the remaining useful lives for the GulfMark fleet, which ranged from 1 to 18 years based on an original estimated useful life of 20 years.

Deferred Taxes

The business combination was executed through the acquisition of GulfMark's outstanding common stock and therefore the historical tax bases of the acquired assets and assumed liabilities, net operating losses and other tax attributes of GulfMark were assumed at the Merger Date. However, adjustments to the deferred tax assets and liabilities for the tax effects of the difference between the acquisition date fair values and the tax bases of assets acquired and liabilities assumed were nearly completely offset by valuation allowances which resulted in only a minor change to the net deferred tax accounts of GulfMark.

Pro Forma Impact of the Merger

The following unaudited supplemental pro forma results present consolidated information as if the business combination was completed on January 1, 2018. The pro forma results include, among others, (i) a reduction in depreciation expense for adjustments to property and equipment and (ii) a reduction in interest expense resulting from the extinguishment of the GulfMark Term Loan Facility. The pro forma results do not include any potential synergies or non-recurring charges that may result directly from the business combination.

(Unaudited) (in millions, except per share amounts)	Year Ended December 31, 2018
Revenues	$ 500,118
Net loss	(196,057)
Basic loss per common share	(5.66)
Diluted loss per common share	(5.66)

(3) REVENUE RECOGNITION

Our primary source of revenue is derived from charter contracts for which we provide a vessel and crew on a rate per day of service basis. Services provided under respective charter contracts represent a single performance obligation satisfied over time and are comprised of a series of time increments; therefore, vessel revenues are recognized on a daily basis throughout the contract period. There are no material differences in the cost structure of our contracts because operating costs are generally the same without regard to the length of a contract. Customers are typically billed on a monthly basis for day rate services and payment terms are generally 30 to 45 days.

Occasionally, customers pay additional lump-sum fees to us in order to either mobilize a vessel to a new location prior to the start of a charter contract or demobilize the vessel at the end of a charter contract. Mobilizations are not a separate performance obligation; thus, we have determined that mobilization fees are a component of the vessel's charter contract. As such, we defer lump-sum mobilization fees as a liability and recognize such fees as revenue consistent with the pattern of revenue recognition primarily on a straight-line basis over the term of the vessel's respective charter. Lump-sum demobilization revenue expected to be received upon contract termination is deferred as an asset and recognized ratably as revenue only in circumstances where the receipt of the demobilization fee at the end of the contract can be estimated and there is a high degree of certainty that collection will occur.

Customers also occasionally reimburse us for modifications to vessels in order to meet contractual requirements. These vessel modifications are not considered to be a separate performance obligation of the vessel's charter; thus, we record a liability for lump-sum payments made by customers for vessel modification and recognize it as revenue consistent with the pattern of revenue recognition primarily on a straight-line basis over the term of the vessel's respective charter.

Total revenue is determined for each individual contract by estimating both fixed (mobilization, demobilization and vessels modifications) and variable (day rate services) consideration expected to be earned over the contract term.

Costs associated with customer-directed mobilizations and reimbursed modifications to vessels are considered costs of fulfilling a charter contract and are expected to be recovered. Mobilization costs such as crew, travel, fuel, port fees, temporary importation fees and other costs are deferred as an asset and amortized as other vessel operating expenses consistent with the pattern of revenue recognition primarily on a straight-line basis over the term of such vessel's charter. Costs incurred for modifications to vessels in order to meet contractual requirements are capitalized as a fixed asset and depreciated either over the term of the respective charter contract or over the remaining estimated useful life of the vessel in instances where the modification is a permanent upgrade to the vessel and enhances its usefulness.

Refer to Note (14) for the amount of revenue by segment and in total for the worldwide fleet.

Contract Balances

Trade accounts receivables are recognized when revenue is earned and collectible. Contract assets include pre-contract costs, primarily related to vessel mobilizations, which have been deferred and will be amortized as other vessel expenses consistent with the pattern of revenue recognition primarily on a straight-line basis over the term of such vessel's charter. Contract liabilities include payments received for mobilizations or reimbursable vessel modifications to be recognized consistent with the pattern of revenue recognition primarily on a straight-line basis over the term of such vessel's charter. At December 31, 2020 we had \$2.2 million and \$4.3 million of deferred mobilization costs included with other current assets and other assets, respectively, and we have \$0.4 million of deferred mobilization revenue related to unsatisfied performance obligations included within other current liabilities, all of which will be recognized during the year end December 31, 2021**.** At December 31, 2019 we had \$4.1 million and \$0.8 million of deferred mobilization costs included with other current assets and other assets, respectively, and we have \$1.0 million of deferred mobilization revenue related to unsatisfied performance obligations included within other current liabilities all of which were recognized during the year ended December 31, 2020.

(4) INDEBTEDNESS

The following table summarizes debt outstanding based on stated maturities:

(In thousands)	December 31, 2020	December 31, 2019
Secured notes:		
8.00% Secured notes due August 2022	$ 147,049	$ 224,793
Troms Offshore borrowings:		
NOK denominated notes due May 2024	5,954	10,260
NOK denominated notes due January 2026	14,559	20,788
USD denominated notes due January 2027	14,744	20,273
USD denominated notes due April 2027	15,669	21,545
	197,975	297,659
Debt premium and discount, net	(5,244)	(8,725)
Less: Current portion of long-term debt	(27,797)	(9,890)
Total long-term debt	$ 164,934	$ 279,044

We may from time to time seek to retire or purchase our outstanding debt through cash purchases and/or exchanges for equity securities, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Secured Notes

Upon our emergence from Chapter 11 bankruptcy on July 31, 2017 and pursuant to the terms of the plan of reorganization, we entered into an indenture (the Indenture) by and among our wholly-owned subsidiaries named as guarantors therein (the Guarantors), and Wilmington Trust, National Association, as trustee and collateral agent (the Trustee), and issued $350.0 million aggregate principal amount of our 8.00% Senior Secured Notes due 2022 (the Secured Notes).

We amended the Indenture pursuant to the Third Supplemental Indenture dated November 22, 2019 to allow for additional flexibility in our financial covenants, the ability to incur indebtedness, grant liens and make restricted payments. Additional revisions were made to enhance operational flexibility and streamline compliance provisions. We further amended the Indenture pursuant to the Fourth Supplemental Indenture dated November 19, 2020 to allow for additional flexibility in our financial covenants.

The Secured Notes will mature on August 1, 2022. Interest on the Secured Notes accrues at a rate of 8.00% per annum and is payable quarterly in arrears on February 1, May 1, August 1, and November 1 of each year in cash. The Secured Notes are secured by substantially all of our assets and our Guarantors.

As of December 31, 2020, the fair value (Level 2) of the Secured Notes was $141.4 million.

The Secured Notes have a trailing twelve month interest coverage requirement. Compliance with this covenant has been waived from April 1, 2021 through December 31, 2021. Minimum liquidity requirements and other covenants are set forth in the Indenture and are in effect from July 31, 2017. The Indenture also contains certain customary events of default and has a make-whole provision.

Until terminated under the circumstances described in this paragraph, the Secured Notes and the guarantees by the Guarantors are secured by the Collateral pursuant to the terms of the Indenture and the related security documents. The Trustee’s liens upon the Collateral and the right of the holders of the Secured Notes to the benefits and proceeds of the Trustee’s liens on the Collateral will terminate and be discharged in certain circumstances described in the Indenture, including: (i) upon satisfaction and discharge of the Indenture in accordance with the terms thereof; or (ii) as to any Collateral that is sold, transferred or otherwise disposed of by us or the Guarantors in a transaction or other circumstance that complies with the terms of the Indenture, at the time of such sale, transfer or other disposition.

Secured Notes Tender Offer

We are obligated to offer to repurchase the Secured Notes at par in amounts that generally approximate 65% of asset sale proceeds as defined in the Indenture.

In February and December of 2018, we commenced offers to repurchase up to $24.7 million and $25.4 million, respectively, of the Secured Notes. In March 2018 and January 2019, we repurchased $0.04 million and $0.1 million, respectively, of the Secured Notes in accordance with these tender offer obligations.

The $2.1 million and $5.8 million restricted cash on the balance sheet at December 31, 2020 and 2019, represent proceeds from asset sales since the date of the last tender offer and is restricted as of that date by the terms of the Indenture. Upon completion of the November 2020 tender offer described below, the restriction on the non-tendered amount of restricted cash as of December 31, 2019 was released. The restricted cash at December 31, 2020 remains restricted until the next tender offer is complete.

We completed a successful voluntary tender offer for our Secured Notes in November 2019 that resulted in the repurchase of notes with a face value of $125.0 million plus a premium of 8.5% for total repurchase price of $135.6 million. We accounted for this tender as a modification of debt and deferred the premium and other costs of $11.4 million which will be expensed under the interest method over the remaining term.

During August and September 2020, we repurchased $27.7 million of the Secured Notes in open market transactions.

We completed a successful voluntary tender offer for our Secured Notes in November 2020 that resulted in the repurchase of notes with a face value of $50.0 million, which included the release of all restricted cash described above, for a total repurchase price of $50.3 million. We accounted for this tender as a modification of debt and deferred the premium and other costs of $0.6 million which will be expensed under the interest method over the remaining term.

Troms Offshore Debt

Between 2012 and 2014 our indirect wholly owned subsidiary, Troms Offshore, entered into two Norwegian kroner (NOK) denominated 12 year borrowing agreements aggregating 504.4 million NOK maturing in May 2024 and January 2026. In addition, in 2015 Troms Offshore entered into to two U.S. dollar denominated 12 year borrowing agreements aggregating $60.8 million and maturing in early 2027. Each loan requires semi-annual principal and interest payments and bears interest at fixed rates ranging from 4.56% to 6.13%.

Amounts outstanding on each of these borrowing agreements are indicated on the table below including the U.S. dollar equivalents for the NOK denominated borrowing agreements.

(In thousands)	December 31, 2020	December 31, 2019
Notes due May 2024		
NOK denominated	51,120	89,460
U.S. dollar equivalent	$ 5,954	$ 10,260
Fair value in U.S. dollar equivalent (Level 2)	5,954	10,259
Notes due January 2026		
NOK denominated	125,000	181,250
U.S. dollar equivalent	$ 14,559	$ 20,788
Fair value in U.S. dollar equivalent (Level 2)	14,789	20,792
Notes due January 2027		
Amount outstanding	$ 14,744	$ 20,273
Fair value of debt outstanding (Level 2)	15,040	20,278
Notes due April 2027		
Amount outstanding	$ 15,669	$ 21,545
Fair value of debt outstanding (Level 2)	15,775	21,546

When we emerged from Chapter 11 bankruptcy in 2017 the Troms Offshore credit agreement was amended and restated to (i) reduce by 50% the required principal payments due through March 31, 2019, (ii) modestly increase the interest rates on amounts outstanding through April 2023, and (iii) provide for security and additional guarantees, including (a) mortgages on six vessels and related assignments of earnings and insurances, (b) share pledges by Troms Offshore and certain subsidiaries of Troms Offshore, and (c) guarantees by certain subsidiaries of Troms Offshore.

An amendment and restatement was executed in December 2020 whereby the financial covenants were conformed to match the November 2020 amendments to the covenants governing the Senior Notes, as described above, and included an obligation to prepay (1) the amounts deferred in the 2017 amendment and restatement and (2) an additional amount representing a percentage of Senior Notes prepayments that will not exceed $45 million including the prepayment of the amounts deferred in the 2017 amendment and restatement. The prepayment associated with this amendment made in December 2020 totaled $12.5 million. Additional prepayment obligations of $22.8 million are due in the first half of 2021 and are reflected in current portion of long-term debt on our consolidated balance sheet.

GulfMark Term Loan Facility

Upon consummation of the business combination, we repaid the $100.0 million outstanding balance of GulfMark's Term Loan Facility plus accrued interest and an early extinguishment penalty which resulted in the recognition of a loss on early extinguishment of debt of $8.1 million for the year ended December 31, 2018.

Debt Costs

We capitalize a portion of our interest costs incurred on borrowed funds used to construct vessels. Interest and debt costs incurred, net of interest capitalized are as follows:

	Year Ended December 31,		
(In thousands)	2020	2019	2018
Interest and debt costs incurred, net of interest capitalized	$ 24,156	$ 29,068	$ 30,439
Interest costs capitalized	—	—	521
Total interest and debt costs	$ 24,156	$ 29,068	$ 30,960

(5) INVESTMENT IN UNCONSOLIDATED AFFILIATES

We maintained the following balances with our unconsolidated affiliates:

(in thousands)	December 31, 2020	December 31, 2019
Due from affiliates:		
Angolan joint venture (Sonatide)	$ 41,623	$ 89,246
Nigerian joint venture (DTDW)	20,427	36,726
	62,050	125,972
Due to affiliates:		
Sonatide	$ 32,767	$ 31,475
DTDW	20,427	18,711
	53,194	50,186
Due from affiliates, net of due to affiliates	$ 8,856	$ 75,786

Amounts due from Sonatide

Amounts due from Sonatide (Due from affiliate in the consolidated balance sheets) at December 31, 2020 and December 31, 2019 of approximately $41.6 million and $89.2 million, respectively, represent cash received by Sonatide from customers and due to us, amounts due from customers that are expected to be remitted to us through Sonatide and costs incurred by us on behalf of Sonatide. The following table displays the activity in the due from affiliate account related to Sonatide for the periods indicated:

	Year Ended December 31,		
(In thousands)	2020	2019	2018
Due from Sonatide at beginning of year	$ 89,246	$ 109,176	$ 230,315
Revenue earned by the company through Sonatide	44,254	52,372	56,916
Less amounts received from Sonatide	(36,160)	(60,486)	(76,878)
Less amounts used to offset Due to Sonatide obligations (A)	(11,848)	(10,551)	(78,993)
Less impairment of due from affiliate	(40,900)	—	(20,083)
Other	(2,969)	(1,265)	(2,101)
	$ 41,623	$ 89,246	$ 109,176

(A) We reduced the respective due from affiliates and due to affiliates balances each period through netting transactions based on agreement with the joint venture.

The obligation to us from Sonatide is denominated in U.S. dollars; however, the underlying third-party customer payments to Sonatide were satisfied, in part, in Angolan kwanzas. In late 2019, we were informed that, as part of a broad privatization program, Sonagal intends to seek to divest itself from Sonatide.

In the second quarter of 2020 Sonatide declared a $35.0 million dividend. On June 22, 2020, Sonangol received $17.8 million and we received $17.2 million. Our share of the dividend is reflected as dividend income from unconsolidated company in the consolidated statement of operations because (i) our investment in Sonatide had previously been written down to zero, (ii) the distributions are not refundable and (iii) we are not liable for the obligations of or committed to provide financial support to Sonatide. In addition, as a result of the aforementioned dividend payment, the cash balances of the joint venture were significantly reduced and we determined that, as a result, a significant portion of our net due from Sonatide balance was compromised.

Sonatide had approximately $9.4 million of cash on hand, including $1.6 million denominated in Angolan kwanzas at December 31, 2020 plus approximately $9.8 million of net trade accounts receivable, providing approximately $19.2 million of current assets to satisfy the net due from Sonatide. Given prior discussions with our partner regarding how the net losses from the devaluation of certain Angolan kwanza denominated accounts should be shared, we continue to evaluate our net due from Sonatide balance for potential impairment based on available liquidity held by Sonatide. We determined that a portion of our net due from balance was compromised and in December 2018 we recorded an approximate $20.0 million asset impairment charge. During the year ended December 31, 2020, we recorded a $40.9 million affiliate credit loss impairment expense. We will continue to monitor the net due from Sonatide balance for possible additional impairment in future periods.

Amounts due to Sonatide

Amounts due to Sonatide (Due to affiliate in the consolidated balance sheets) at December 31, 2020 and 2019 of approximately $32.8 million and $31.5 million, respectively, primarily represents commissions payable and other costs paid by Sonatide on our behalf. The following table displays the activity in the due to affiliate account related to Sonatide for the periods indicated:

	Year Ended December 31,		
(In thousands)	2020	2019	2018
Due to Sonatide at beginning of year	$ 31,475	$ 29,347	$ 99,448
Plus commissions payable to Sonatide	4,152	4,937	5,502
Plus amounts paid by Sonatide on behalf of the company	9,037	9,654	14,778
Less commissions paid to Sonatide	—	(5,961)	(13,906)
Less amounts used to offset Due from Sonatide obligations (A)	(11,848)	(10,551)	(78,993)
Other	(49)	4,049	2,518
	$ 32,767	$ 31,475	$ 29,347

(A) We reduced the respective due from affiliates and due to affiliates balances each period through netting transactions based on agreement with the joint venture.

Sonatide Operations

Sonatide's principal earnings are from the commissions paid by us to the joint venture for company vessels chartered in to Angola. In addition, Sonatide owns two vessels that may generate operating income and cash flow.

Company operations in Angola

For the year ended December 31, 2020, our Angolan operation generated vessel revenues of approximately $45.3 million or 11.7% of our consolidated vessel revenues, from an average of approximately 23 company owned vessels that are marketed through Sonatide, 6 of which were stacked on average during the year ended December 31, 2020.

For the year ended December 31, 2019, our Angolan operation generated vessel revenues of approximately $52.1 million or 10.9% of our consolidated vessel revenues, from an average of approximately 32 company owned vessels that are marketed through Sonatide, 13 of which were stacked on average during the year ended December 31, 2019.

For the year ended December 31, 2018, our Angolan operations generated vessel revenues of approximately $59.0 million, or 15%, of our consolidated vessel revenue, from an average of approximately 37 company-owned vessels that are marketed through Sonatide, 16 of which were stacked on average during the year ended December 31, 2018.

Amounts due from DTDW

We own 40% of DTDW in Nigeria. Our partner, who owns 60%, is a Nigerian national. DTDW owns one offshore service vessel and has long term debt of $4.7 million which is secured by the vessel and guarantees from the DTDW partners. We also operate company owned vessels in Nigeria for which the joint venture receives a commission. As of December 31, 2020, we had no company owned vessels operating in Nigeria and the DTDW owned vessel was not employed. At the beginning of 2020 we had expected that we would be operating numerous vessels in Nigeria, but in the second quarter of 2020 the COVID-19 pandemic and resulting oil price reduction (further described in Note 8) caused our primary customer in Nigeria to eliminate all planned operations for 2020. As a result, the near-term cash flow projections indicate that DTDW does not have sufficient funds to meet its obligations to us or to the holder of its long-term debt. Therefore, we recorded affiliate credit loss impairment expense for the year ending December 31, 2020 totaling $12.1 million. In addition, based on our analysis we have determined that DTDW will be unable to pay its debt obligation and the debt will not be satisfied by liquidating the vessel and, as a result, we recorded additional impairment expense of $2.0 million for our expected share of the obligation guarantee during the year ended December 31, 2020.

(6) INCOME TAXES

Losses before income taxes derived from United States and non-U.S. operations are as follows:

	Year Ended December 31,		
(In thousands)	2020	2019	2018
Non-U.S.	$ (137,225)	$ (44,205)	$ (99,607)
United States	(60,436)	(69,290)	(53,912)
	$ (197,661)	$ (113,495)	$ (153,519)

Income tax expense (benefit) consists of the following:

(In thousands)	U.S. Federal	U.S. State	Non-U.S.	Total
Year Ended December 31, 2018				
Current	$ 962	—	16,718	17,680
Deferred	531	250	(209)	572
	$ 1,493	250	16,509	18,252
Year Ended December 31, 2019				
Current	$ 649	—	26,403	27,052
Deferred	672	—	—	672
	$ 1,321	—	26,403	27,724
Year Ended December 31, 2020				
Current	$ (21,005)	—	18,816	(2,189)
Deferred	(30)	—	1,254	1,224
	$ (21,035)	—	20,070	(965)

The actual income tax expense above differs from the amounts computed by applying the U.S. federal statutory tax rate of 21% to pre-tax earnings as a result of the following:

(In thousands)	Year Ended December 31, 2020	2019	2018
Computed "expected" tax benefit	$ (41,509)	$ (23,834)	(32,239)
Increase (reduction) resulting from:			
Foreign income taxed at different rates	27,639	9,283	20,917
Uncertain tax positions	(62,833)	5,145	2,264
Nondeductible transaction costs	—	—	1,091
Valuation allowance – deferred tax assets	43,455	15,707	38,778
Valuation allowance -deferred tax true-up	(6,523)	—	—
Deferred tax true-up	6,523	—	—
Foreign taxes	12,520	20,778	13,012
State taxes	—	—	246
Return to accrual	11,401	(2,247)	(28,176)
162(m) - Executive compensation	286	28	2,818
Subpart F income	5,631	1,227	—
Other, net	2,445	1,637	(459)
	$ (965)	$ 27,724	18,252

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

(In thousands)	December 31, 2020	December 31, 2019
Deferred tax assets:		
Accrued employee benefit plan costs	$ 8,815	$ 7,422
Stock based compensation	407	972
Net operating loss and tax credit carryforwards	148,699	99,281
Restructuring fees not currently deductible for tax purposes	1,415	2,264
Disallowed business interest expense carryforward	5,546	5,105
Other	2,518	3,380
Gross deferred tax assets	167,400	118,424
Less valuation allowance	(140,428)	(103,496)
Net deferred tax assets	26,972	14,928
Deferred tax liabilities:		
Depreciation and amortization	(25,883)	(11,246)
Outside basis difference deferred tax liability	(2,891)	(2,892)
Foreign interest withholding tax	(859)	—
Other	(754)	(2,981)
Gross deferred tax liabilities	(30,387)	(17,119)
Net deferred tax assets (liabilities)	$ (3,415)	$ (2,191)

On November 15, 2018 we completed a series of mergers through which all of the shares of GulfMark Offshore, Inc. were acquired. The merger transactions qualified as tax free reorganization under Internal Revenue Code (IRC) Section 368(a), resulting in a carryover of tax basis in the assets and liabilities of GulfMark. Tidewater recorded net deferred liabilities of $1.0 million after valuation allowance in the opening balance sheet of GulfMark.

On March 27, 2020, the United States enacted the CARES Act, which made changes to existing U.S. tax laws, including, but not limited to, (1) allowing U.S. federal net operating losses originated in the 2018, 2019 or 2020 tax years to be carried back five years to recover taxes paid based upon taxable income in the prior five years, (2) eliminated the 80% of taxable income limitation on net operating losses for the 2018, 2019 and 2020 tax years (the 80% limitation will be reinstated for tax years after 2020), (3) accelerating the refund of prior year alternative minimum tax credits, and (4) modifying the limitation on deductible interest expense. Considering the available carryback, we have recorded a tax benefit of $6.9 million related to the realization of net operating loss deferred tax assets on which a valuation allowance was previously recorded. The change in the deductible interest limitation from 30% to 50% has led to an additional interest expense deduction of $6.0 million in the current year.

As of December 31, 2020, the Company had U.S. federal net operating loss carryforwards of $320.7 million, which includes $159.3 million of net operating losses subject to an IRC Section 382 limitation. As of December 31, 2019, the Company had $300.0 million of U.S. federal net operating losses, which includes $145.9 million of net operating losses subject to an IRC Section 382 limitation. We have $387.4 million foreign tax credits as of December 31, 2020. We have foreign net operating loss carryforwards of $110.9 million that will expire beginning in 2026 with many having indefinite carryforward periods.

IRC Sections 382 and 383 provide an annual limitation with respect to the ability of a corporation to utilize its tax attributes, as well as certain built-in-losses, against future U.S. taxable income in the event of a change in ownership. Our emergence from Chapter 11 bankruptcy proceedings in 2017 is considered a change in ownership for purposes of IRC Section 382. The Company's annual limitation under the IRC is approximately $15.0 million which is based on our value as of the ownership change date. In addition, the merger with GulfMark resulted in a change in ownership of GulfMark for purposes of IRC Section 382. The GulfMark ownership change results in an annual limitation of approximately $7.0 million on GulfMark's tax attributes generated prior to the ownership change date, which begin to expire in 2032. The Company has recorded a valuation allowance on the net operating loss balance as it believes that it is more likely than not that the deferred tax asset will not be realized.

Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit the use of the existing deferred tax assets. A significant piece of objective negative evidence evaluated were the cumulative losses for financial reporting purposes that were incurred over the three-year periods ended December 31, 2020. Such objective negative evidence limits the ability to consider other subjective evidence, such as our projections for future growth and tax planning strategies.

On the basis of this evaluation, for the period ended December 31, 2020, a valuation allowance of $140.4 million was recorded against our net deferred tax asset. For the period ended December 31, 2019, a valuation allowance of $103.5 million was recorded against our net deferred tax asset. The increase in the valuation allowance was primarily attributable to the additional valuation allowance on foreign tax credits that were previously reduced by uncertain tax positions which were released by a statute of limitation expiration. The amount of the deferred tax asset considered realizable could be adjusted if estimates of future U.S. taxable income during the carryforward period are reduced or increased or if objective negative evidence in the form of cumulative losses is no longer present and additional weight is given to subjective evidence such as our projections for growth and/or tax planning strategies.

We have not recognized a U.S. deferred tax liability associated with temporary differences related to investments in our non-U.S. holding companies as the Company does not intend to dispose of the stock of these companies. These differences relate primarily to stock basis differences attributable to factors other than earnings, given that any untaxed cumulative earnings were subject to taxation in the U.S. in 2017 in accordance with the Tax Act. Further, any post-2017 earnings of these subsidiaries will either be taxed currently for U.S. purposes or will be permanently exempt from U.S. taxation. It is not practicable to estimate the deferred tax liability associated with temporary differences related to investments in our non-U.S. holding companies due to the legal structure and complexity of U.S. and non-U.S. tax laws.

Historically, it has been the practice and intention of the Company to indefinitely reinvest the earnings of its non-U.S. subsidiaries. In light of the significant changes made by the Tax Act, the Company will no longer be indefinitely reinvested with regards to its non-U.S. earnings which can be repatriated free of taxation. However, the Company is indefinitely reinvested in the non-U.S. earnings that could be subject to taxation and no deferred taxes have been provided. As of December 31, 2020, the non-U.S. positive unremitted earnings, for which the Company is indefinitely reinvested, are $140.8 million. It is not practicable for the Company to estimate the amount of taxes on positive unremitted earnings due to the legal structure and complexity of non-U.S. tax laws. The Company decides each period whether to indefinitely reinvest these earnings. If, as a result of these reassessments, the Company distributes these earnings in the future, additional tax liabilities could result.

We record uncertain tax positions on the basis of a two-step process in which (1) we determine whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, we recognize the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. The recognition and measurement of tax liabilities for uncertain tax positions in any tax jurisdiction requires the interpretation of the related tax laws and regulations as well as the use of estimates and assumptions regarding significant future events. Changes in tax laws, regulations, agreements and treaties, foreign currency exchange restrictions or our level of operations or profitability in each taxing jurisdiction could have an impact on the amount of income taxes during any given year.

Our balance sheet reflects the following in accordance with ASC 740:

(In thousands)	December 31, 2020	December 31, 2019
Tax liabilities for uncertain tax positions	$ 35,304	$ 48,577
Income tax payable	15,928	13,760
Income tax receivable	8,280	3,798

Included in the liability balances for uncertain tax positions above for the periods ending December 31, 2020 and 2019, are $22.1 million and $24.8 million of penalties and interest, respectively. Penalties and interest related to income tax liabilities are included in income tax expense. Income tax payable is included in other current liabilities.

A reconciliation of the beginning and ending amount of all unrecognized tax benefits, and the liability for uncertain tax positions (but excluding related penalties and interest) are as follows:

(In thousands)		
Balance at December 31, 2017	$	404,571
Additions from GulfMark business combination		8,857
Additions based on tax positions related to a prior year		6,903
Settlement and lapse of statute of limitations		(2,953)
Reductions based on tax positions related to a prior year		(18,086)
Balance at December 31, 2018 (A)	$	399,292
Additions based on tax positions related to the current year		14,741
Additions based on tax positions related to a prior year		1,964
Settlement and lapse of statute of limitations		(1,897)
Reductions based on tax positions related to a prior year		(58)
Balance at December 31, 2019 (A)	$	414,042
Additions based on tax positions related to a prior year		2,223
Settlement and lapse of statute of limitations		(64,458)
Reductions based on tax positions related to a prior year		(760)
Balance at December 31, 2020 (A)	$	351,047

(A) The gross balance reported as uncertain tax positions is largely offset by $337.9 million of foreign tax credits and other tax attributes.

It is reasonably possible that a decrease of $5.9 million in unrecognized tax benefits may be necessary within the coming year due to the lapse of statutes of limitations or audit settlements.

The amount of unrecognized tax benefits that, if recognized for tax purposes, would affect the effective tax rate are $35.3 million and $48.6 million as of December 31, 2020 and December 31, 2019 respectively.

With limited exceptions, we are no longer subject to tax audits by U.S. federal, state, local or foreign taxing authorities for fiscal years prior to March 2015. In October 2019, the Company received notification from the Internal Revenue Service ("IRS") that the Company's U.S. income tax return ended March 31, 2017 and December 31, 2017 was selected for examination. In March 2020, the IRS notified management that the IRS will not proceed with the audit examination for the tax years ended March 31, 2017 and December 31, 2017. In October 2020, the Company received notification from the IRS that the GulfMark U.S. income tax return ending December 31, 2017 was selected for examination. We have ongoing examinations by various foreign tax authorities and do not believe that the results of these examinations will have a material adverse effect on our financial position or results of operations.

The Tax Act

The Tax Act was enacted on December 22, 2017 and introduced significant changes to U.S. income tax law, including a reduction in the statutory income tax rate from 35% to 21% effective January 1, 2018, a one-time transition tax on deemed repatriation of deferred foreign income, a base erosion anti-abuse tax ("BEAT") that effectively imposes a minimum tax on certain payments to non-U.S. affiliates, new and revised rules relating to the current taxation of certain income of foreign subsidiaries under the global intangible low-tax income ("GILTI") regime, changes to net operating loss carryforwards, immediate expensing for capital expenditures, and revised rules associated with limitations on the deduction of interest.

We finalized our calculations of the transition tax liability resulting from the Tax Act enacted on December 22, 2017 during 2018 and determined that we had no remaining earnings and profits to recognize as a one-time transition tax.

The Tax Act subjects a US shareholder to tax on GILTI earned by certain foreign subsidiaries. We have made an accounting policy election to account for GILTI in the year the tax is incurred. Due to current year losses, no GILTI was recognized for the years ending December 31, 2020, 2019 or 2018.

The BEAT provisions in the Tax Act eliminate the deduction of certain base-erosion payments made to related foreign corporations beginning in 2018, and impose a minimum tax if greater than regular tax. The BEAT did not have a material impact on our provision for income tax.

(7) LEASES

We have operating leases primarily for office space, temporary residences, automobiles and office equipment. Contracts containing assets that we benefit from and control are recognized on our balance sheet. Leases with an initial term of 12 months or less are not recorded on the balance sheet. We recognized lease expense for these leases on a straight-line basis over the lease term. We combine the lease and non-lease components for all of our lease agreements.

Certain leases include one or more options to renew, with renewal terms that can extend the lease term from one to ten years. The exercise of lease renewal options is at our sole discretion, and lease renewal options are not included in our lease terms if they are not reasonably certain to be exercised. Our lease agreements do not contain any residual value guarantees or restrictive covenants or options to purchase the leased property. The amount of right of use assets and lease liabilities recorded on our Consolidated Balance Sheet at December 31, 2020 and 2019, respectively, are as follows.

Leases (In thousands)	Classification	December 31, 2020	December 31, 2019
Assets:			
Operating	Other assets	$ 3,372	$ 4,338
Liabilities:			
Current			
Operating	Other current liabilities	1,134	501
Noncurrent			
Operating	Other liabilities	2,668	4,274
Total lease liabilities		$ 3,802	$ 4,775

Future payments to be made on our operating lease liabilities at December 31, 2020 will be as follows.

Maturity of lease liabilities (In thousands)	Operating leases
2021	$ 1,318
2022	1,094
2023	717
2024	273
2025	273
After 2025	547
Total lease payments	$ 4,222
Less: Interest	(420)
Present value of lease liabilities	$ 3,802

As most of our leases do not provide an implicit interest rate, we use our incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments.

We used the incremental borrowing rate on January 1, 2019 for operating leases that began prior to that date.

Lease costs included in general and administrative expense for the two years ended December 31, 2020 and 2019, respectively, is as follows.

Lease costs (In thousands)	Classification	Year Ended December 31, 2020	Year Ended December 31, 2019
Operating lease costs	General and administrative	1,270	1,336
Short-term leases	General and administrative	3,483	4,840
Variable lease costs	General and administrative	392	313
Sublease income	General and administrative	—	(3)
Net lease cost		5,145	6,486

Our weighted average remaining lease term and weighted average discount rate at December 31, 2020 is as follows.

Lease term and discount rate	December 31, 2020
Weighted average remaining lease term in years	3.1
Weighted average discount rate	7.3%

The cash paid for operating leases included in operating cash flows and in the measurement of lease liabilities for the years ended December 31, 2020 and 2019 was $1.0 million and $1.4 million, respectively. Right-of-use assets obtained in exchange for operating lease obligations were $0.3 million and $0.8 million, for the years ended December 31, 2020 and 2019, respectively.

(8) ASSETS HELD FOR SALE, ASSET SALES AND ASSET IMPAIIMENTS

In previous years, we sought opportunities to dispose of our older vessels when market conditions warranted and opportunities would arise. As a result, vessel dispositions would vary from year to year, and gains (losses) on sales of assets would also fluctuate significantly from period to period. The majority of our vessels were sold to buyers with whom we do not compete in the offshore energy industry. We continue to employ that strategy, but to a lesser extent. In the fourth quarter of 2019, we made a strategic decision to reduce the size of our fleet and to remove assets that were not considered to be part of our long-term plans. As a result, we evaluated our fleet for vessels to be considered for disposal and identified 46 (approximately 20% of our total vessels at the time) vessels to be classified as held for sale. Beginning late in the first quarter of 2020, the industry and world economies were affected by a global pandemic and a concurrent reduction in the demand for and the price of crude oil (see discussion below in this Note 8). The pandemic and oil price impact severely affected the oil and gas industry and caused us to expand our disposal program to include more vessels. In the second and fourth quarters of 2020, we added 32 vessels to our assets held for sale. During 2020, we sold a total of 53 of the vessels that were classified as held for sale, moved two vessels back into our active fleet and have 23 vessels remaining in the held for sale account as of December 31, 2020. See the following tables for additions and dispositions related to assets held for sale as well as net gains on sales of vessels and impairments recorded when the assets were valued at net realizable value upon classification as held for sale.

Following is the activity in assets held for sale during the years ended December 31:

(Dollars in thousands)	Number of Vessels	2020	Number of Vessels	2019	Number of Vessels	2018
Beginning balance	46	$ 39,287	—	$ —	—	$ —
Additions	32	97,664	46	66,033	—	—
Sales	(53)	(26,877)	—	—	—	—
Reactivation	(2)	(500)	—	—	—	—
Impairment	—	(75,177)	—	(26,746)	—	—
Ending balance	23	$ 34,397	46	$ 39,287	—	$ —

Following is the summary of vessel sales and the gains on sales of vessels for the years ended December 31:

(Dollars in thousands)	2020	2019	2018
Vessels sold from active fleet	3	40	38
Gain on sale of active vessels, net	$ 1,217	$ 2,434	$ 10,935
Vessels sold from assets held for sale	53	—	—
Gain on vessels sold from assets held for sale, net	$ 6,384	$ —	$ —
Total vessels sold	56	40	38
Total gain on sales of vessels, net	$ 7,601	$ 2,434	$ 10,935

During the year December 31, 2020, we recorded $75.2 million in impairment related to our assets held for sale. We consider the valuation approach for our assets held for sale to be a Level 3 fair value measurement due to the level of estimation involved in valuing assets to be recycled or sold. We determined the fair value of the vessels held for sale using two methodologies depending on the vessel and on our planned method of disposition. We designated certain vessels to be recycled and valued those vessels using recycling yard pricing schedules based on dollars per ton. We generally value vessels that will be sold rather than recycled at the midpoint of a value range based on sales agreements or using comparative sales in the marketplace. We do not separate our asset impairment expense by segment because of the significant movement of our assets between segments.

In conjunction with our review of conditions that would indicate potential impairment in the value of our assets, we identified certain obsolete marine service and vessel supplies and parts inventory and charged $2.9 million and $5.2 million, respectively, of impairment expense for the years ended December 31, 2020 and 2019. We considered this valuation approach to be a Level 3 fair value measurement due to the level of estimation involved in valuing obsolete inventory.

In 2011, we contracted with a Brazilian shipyard to construct a vessel that was not completed. We initiated arbitration proceedings seeking completion of the hull or rescission of the contract and the return of funds. In response, the shipyard initiated a separate lawsuit seeking the amounts due under the contract. As of the fresh-start date, we recorded $1.8 million in other assets which represented the unimpaired balance of the construction costs that were expected to be returned to us once the dispute was resolved. During 2019, our final appeal was denied and the case was remanded back to the original courts. Our local counsel informed us that it was now more likely that not that the shipyard would prevail in the dispute and that we would be liable for the additional payment of $4.0 million. As a result, a $5.8 million expense was recorded in the fourth quarter of 2019. In 2020 the dispute with the shipyard was settled. We conveyed the ownership of the partially completed vessel to the shipyard in exchange for a release of any and all obligations under the contract with the shipyard. Accordingly, a $4.0 million credit was recorded in the fourth quarter of 2020, as no additional amounts are payable under the contract to the shipyard.

Impairments incurred during the last three years are primarily the result of our customers' reduction in offshore exploration and production expenditures caused by the ongoing and sustained low levels of crude oil and natural gas prices as well as our efforts to reduce the oversupply of vessels which currently exists in the offshore supply vessel market through the sale and recycling of vessels.

Following is a summary of impairment of vessels in our active fleet, assets held for sale, marine service and vessel supplies and other impairment and costs during the years ended December 31:

(Dollars in thousands)	Number of Vessels	2020	Number of Vessels	2019	Number of Vessels	2018
Active vessels	—	$ —	—	$ —	56	$ 61,132
Assets held for sale	47	75,177	35	26,746	—	—
Obsolete inventory	—	2,959	—	5,223	—	—
Other	—	(4,027)	—	5,804	—	—
Total impairment and other expense		$ 74,109		$ 37,773		$ 61,132

In early 2020, it became evident that a novel coronavirus originating in Asia (COVID-19) could become a pandemic with worldwide reach. By mid- March, when the World Health Organization declared the outbreak to be a pandemic (the COVID-19 pandemic), much of the industrialized world had initiated severe measures to lessen its impact. The ongoing COVID-19 pandemic created significant volatility, uncertainty, and economic disruption during the first quarter of 2020. With respect to our particular sector, the COVID-19 pandemic resulted in a much lower demand for oil as national, regional, and local governments imposed travel restrictions, border closings, restrictions on public gatherings, stay at home orders, and limitations on business operations in order to contain its spread. During this same time period, oil-producing countries struggled to reach consensus on worldwide production levels, resulting in both a market oversupply of oil and a precipitous fall in oil prices. Combined, these conditions adversely affected our operations and business beginning in the latter part of the first quarter of 2020 and continuing throughout the remainder of the year. The reduction in demand for hydrocarbons together with an unprecedented decline in the price of oil has resulted in our primary customers, the oil and gas companies, making material reductions to their planned spending on offshore projects, compounding the effect of the virus on offshore operations. Further, these conditions, separately or together, are expected to continue to impact the demand for our services, the utilization and/or rates we can achieve for our assets and services, and the outlook for our industry in general.

In the first and second quarters of 2020, we considered these events to be indicators that the value of our active offshore vessel fleet may be impaired. As a result, as of March 31, 2020 and June 30, 2020 , we performed Step 1 evaluations of our active offshore fleet under FASB Accounting Standards Codification 360, which governs the methodology for identifying and recording impairment of long-lived assets to determine if any of our asset groups have net book value in excess of undiscounted future net cash flows. Our evaluations did not indicate impairment of any of our asset groups. During the third quarter conditions related to the pandemic and oil price environment did not worsen from the second quarter and in the fourth quarter industry conditions marginally improved compared with the third quarter. As a result, we did not identify additional events or conditions that would require us to perform a Step 1 evaluation during either quarter. We will continue to monitor the expected future cash flows and the fair market value of our asset groups for impairment.

Please refer to Note (1) for a discussion of our accounting policy for accounting for the impairment of long-lived assets.

(9) EMPLOYEE RETIREMENT PLANS

Defined Benefit Pension Plan

We have a defined benefit pension plan (pension plan) that covers certain U.S. employees that are citizens or permanent residents of the United States. Benefits are based on years of service and employee compensation. On December 31, 2010, the pension plan was frozen and accrual of benefits was discontinued. We contributed $1.1 million to the plan during the year ended December 31, 2019. We did not contribute to the plan during the years ended December 31, 2020 and 2018, respectively. We may contribute to this plan in 2021, but the amount, if any, has not been determined.

We had defined benefit pension plans that covered a small number of current and former Norwegian employees. Benefits were based on years of service and employee compensation. All of our Norwegian plan participants were transferred from our defined benefit plans primarily into a defined contribution plan during 2020. Amounts contributed to these defined benefit plans were immaterial during the three years ended December 31, 2020.

Supplemental Executive Retirement Plan

We also offer a non-contributory, defined benefit supplemental executive retirement plan (supplemental plan) that provides pension benefits to certain employees in excess of those allowed under our tax-qualified pension plan. The supplemental plan was closed to new participation in 2010 and was amended to freeze all previously accrued pension benefits and discontinue the accrual of future benefits and any other contributions effective January 1, 2018. We contributed $1.6 million, $3.2 million and $0.9 million during the years ended December 31, 2020, 2019 and 2018, respectively. Any future accrual of benefits under the supplemental plan or other contributions to the supplemental plan will be determined at our sole discretion.

A Rabbi Trust was established to provide us with a vehicle to invest in a variety of marketable securities. In April 2018, a lump sum distribution of $8.9 million was paid to our retiring President and Chief Executive Officer in settlement of his supplemental executive retirement plan obligation, resulting in a settlement loss of $0.3 million. This distribution was funded by substantially all of the investments held by the Rabbi Trust which was liquidated in 2019.

Postretirement Benefit Plan

Qualified retired employees were covered by a program which provided limited health care and life insurance benefits. This plan terminated on January 1, 2019 resulting in a gain of $4.0 million that we recorded in the year ended December 31, 2018. Costs of the program were based on actuarially determined amounts and were accrued over the period from the date of hire to the full eligibility date of employees who were expected to qualify for these benefits. This plan was funded as benefits were paid.

Investment Strategies

U.S. Pension Plan

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

The plan has historically invested in a fixed income only strategy, however because interest rates are forecasted by the United States (U.S.) Federal Reserve to remain low through 2023, it was determined in 2020 that the portfolio should be more broadly diversified. The pension plan’s current target rate of return is 150 basis points above the simple average of the Bloomberg Barclays US Aggregate Bond Index return and the total return of the S&P 500 including dividends.

The fixed income portion of the pension plan investment portfolio will be approximately 50% and is comprised primarily of US Government bonds. The remainder of the portfolio will include a well-diversified structure that will include a wide array of asset classes comprised of domestic equities with a small percentage allocated to foreign markets. Alternative investments are allowed but may not exceed 25% of the market value of the portfolio. Illiquid equity holdings, private placements or restricted equities are not permissible investments for the plan.

The cash flow requirements of the pension plan are analyzed at least annually. The plan does not invest in Tidewater stock.

Our policy for the pension plan is to contribute no less than the minimum required contribution by law and no more than the maximum deductible amount. The pension plan assets are periodically evaluated for concentration risks. As of December 31, 2020, we did not have any individual asset investments that comprised 10% or more of each plan’s overall assets.

U.S. Pension Plan Asset Allocations

The following table provides the target and actual asset allocations for the pension plan:

	Target	Actual as of December 31, 2020	Actual as of December 31, 2019
U.S. Pension plan:			
Cash	—%	3%	—%
Debt securities	50%	53%	96%
Equity securities	50%	44%	4%
Total	100%	100%	100%

Fair Value of Pension Plans Assets

Tidewater's plan assets are accounted for at fair value and are classified within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement, with the exception of investments for which fair value is measured using the net asset value per share expedient.

The following table provides the fair value hierarchy for our domestic pension plan measured at fair value as of December 31, 2020:

(In thousands)	Fair Value	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Measured at Net Asset Value
Pension plan measured at fair value:					
Equity securities, primarily exchange traded funds	$ 24,947	21,780	—	—	3,167
Debt securities, primarily exchange traded funds	29,922	17,925	—	—	11,997
Cash and cash equivalents	1,626	—	1,626	—	—
Total fair value of plan assets	$ 56,495	39,705	1,626	—	15,164

The fair value hierarchy for the pension plans assets measured at fair value as of December 31, 2019, are as follows:

(In thousands)		Fair Value	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Measured at Net Asset Value
Pension plan measured at fair value:						
Equity securities:	$	699	699	—	—	—
Debt securities:						
Government securities		5,870	5,870	—	—	—
Collateralized mortgage securities		765	—	765	—	—
Corporate debt securities		47,839	—	47,839	—	—
Cash and cash equivalents		2,526	—	2,526	—	—
Other		1,396	—	1,396	—	—
Total	$	59,095	6,569	52,526	—	—
Accrued income		530	530	—	—	—
Total fair value of plan assets	$	59,625	7,099	52,526	—	—

Plan Assets and Obligations

Changes in combined plan assets and obligations and the funded status of the U.S. defined benefit pension plan, Norway's defined benefit pension plan (discontinued in the fourth quarter of 2020), and the supplemental plan (Pension Benefits) and the postretirement health care and life insurance plan (Other Benefits), which was discontinued as of January 1, 2019, are as follows:

	Year Ended December 31,					
(In thousands)		2020		2019		2018
Change in benefit obligation:						
Benefit obligation at beginning of the period	$	91,654	$	90,247	$	103,443
Increase in benefit obligation due to business combination		—		—		5,474
Service cost		112		427		294
Interest cost		2,907		3,751		3,605
Benefits paid		(5,990)		(5,967)		(5,467)
Actuarial (gain) loss (A)		5,277		8,198		(8,105)
Settlement		(4,407)		(4,978)		(8,885)
Foreign currency exchange rate changes		(593)		(24)		(112)
Benefit obligation at end of the period	$	88,960	$	91,654	$	90,247
Change in plan assets:						
Fair value of plan assets at beginning of the period	$	59,625	$	56,790	$	57,536
Increase in plan assets due to business combination		—		—		5,463
Actual return		6,890		7,498		(2,128)
Expected return		—		—		112
Actuarial loss		18		983		(275)
Administrative expenses		(49)		(68)		(36)
Employer contributions		1,615		5,027		10,546
Benefits paid		(5,990)		(5,967)		(5,467)
Settlement		(5,000)		(4,638)		(8,885)
Foreign currency exchange rate changes		(614)		—		(76)
Fair value of plan assets at end of the period		56,495		59,625		56,790
Payroll tax unrecognized in benefit obligation at end of the period		—		—		84
Unfunded status at end of the period	$	(32,465)	$	(32,029)	$	(33,541)
Net amount recognized in the balance sheet consists of:						
Current liabilities	$	(1,524)	$	(1,422)	$	(1,380)
Noncurrent liabilities		(30,941)		(30,607)		(32,161)
Net amount recognized	$	(32,465)	$	(32,029)	$	(33,541)

(A) The change in the actuarial (gain) loss for the three years ended December 31, 2020 was primarily attributable to changes in the discount rate.

(In thousands)	Other Benefits Year Ended December 31, 2018	
Change in benefit obligation:		
Benefit obligation at beginning of the period	$	2,924
Service cost		61
Interest cost		117
Participant contributions		218
Plan amendment		(2,954)
Benefits paid		(595)
Actuarial loss		229
Benefit obligation at end of the period	$	—
Change in plan assets:		
Fair value of plan assets at beginning of the period	$	—
Employer contributions		377
Participant contributions		218
Benefits paid		(595)
Fair value of plan assets at end of the period		—
Unfunded status at end of the period	$	—

The following table provides combined information for pension plans with an accumulated benefit obligation in excess of plan assets (includes both the pension plans and supplemental plan):

(In thousands)	December 31, 2020		December 31, 2019	
Projected benefit obligation	$	88,960	$	91,654
Accumulated benefit obligation		88,960		91,109
Fair value of plan assets		56,495		59,625

Net periodic combined benefit cost for the pension plans and the supplemental plan include the following components:

	Year Ended December 31,				
(In thousands)	2020		2019		2018
Service cost	$	109	$	427	294
Interest cost		2,907		3,751	3,605
Expected return on plan assets		(2,191)		(2,375)	(2,042)
Administrational expenses		49		71	36
Payroll tax of net pension costs		14		55	42
Amortization of net actuarial losses		(5)		(592)	30
Recognized actuarial loss		—		—	—
Settlement/Curtailment (gain) loss		738		(219)	335
Net periodic pension cost	$	1,621	$	1,118	2,300

Net periodic benefit cost for the postretirement health care and life insurance plan, which was discontinued as of January 1, 2019, includes the following components:

(In thousands)	Year Ended December 31, 2018	
Service cost	$	61
Interest cost		117
Amortization of prior service cost		(299)
Recognized actuarial loss		42
Net curtailment gain		(4,005)
Net periodic postretirement benefit	$	(4,084)

The components of the net periodic combined pension cost and the net periodic combined postretirement benefit, except for the service costs are included in the caption “Interest income and other, net.” Service costs are included in the caption “Vessel operating costs.”

Other changes in combined plan assets and benefit obligations recognized in other comprehensive (income) loss include the following components:

	Pension Benefits		
	Year Ended December 31,		
(In thousands)	2020	2019	2018
Net (gain) loss	$ (568)	$ 2,612	(3,441)
Settlement recognized	—	(182)	(335)
Total recognized in other comprehensive (income) loss, before tax and net of tax	$ (568)	$ 2,430	(3,776)

	Other Benefits
(In thousands)	Year Ended December 31, 2018
Net (gain) loss	$ 229
Amortization of prior service (cost) credit	1,861
Amortization of net (loss) gain	(554)
Total recognized in other comprehensive (income) loss, before tax and net of tax	$ 1,536

We do not expect to recognize any unrecognized actuarial (loss) gain or unrecognized prior service credit (cost) as a component of net periodic benefit costs during the next year.

Discount rates of 2.5% and 3.5% were used to determine net benefit obligations as of December 2020 and 2019, respectively.

Assumptions used to determine net periodic benefit costs are as follows:

	Pension Benefits	
	2020	2019
Discount rate	3.5%	4.5%
Expected long-term rate of return on assets	4.0%	4.0%
Rates of annual increase in compensation levels	2.3%	2.8%

To develop the expected long-term rate of return on assets assumption, we considered the current level of expected returns on various asset classes. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected return on plan assets assumption for the portfolio.

Based upon the assumptions used to measure our qualified pension benefit obligations at December 31, 2020, we expect that combined benefits to be paid over the next ten years will be as follows:

Year ending December 31, (In thousands)		Pension Benefits
2021	$	5,860
2022		5,833
2023		5,777
2024		5,762
2025		5,686
2026 – 2030		26,605
Total 10-year estimated future benefit payments	$	55,523

Defined Contribution Plans

We have two defined contribution plans described below.

Retirement Contributions

Prior to 2019, all eligible U.S. fleet personnel received retirement contributions. This benefit was noncontributory by the employee, but we contributed, in cash, 3% of an eligible employee's compensation to a trust on behalf of the employees. Our contributions vested over five years. We ceased contributing to the employee retirement plan effective January 1, 2018. Any future employer contributions to this plan will be determined at our discretion.

401(k) Savings Contribution

Upon meeting various citizenship, age and service requirements, employees are eligible to participate in a defined contribution savings plan and can contribute from 2% to 75% of their base salary to an employee benefit trust. Prior to January 1, 2018, we matched, in cash, 50% of the first 8% of eligible compensation deferred by the employee. Company contributions vest over five years. Any future employer contributions to this plan will be determined at our discretion.

The plan held no shares of Tidewater common stock for the years ended December 31, 2020 and 2019, respectively, but held 7,075 shares Tidewater Common Stock for the year ended December 31, 2018.

Other Plans

A non-qualified supplemental savings plan is provided to executive officers who have the opportunity to defer additional eligible compensation that cannot be deferred under the existing 401(k) plan due to IRS limitations. An optional company match or contribution of restoration benefits was ceased effective January 1, 2018.

We also provided retirement benefits to our eligible non-U.S. citizen employees working outside their respective country of origin pursuant to a self-directed multinational defined contribution retirement plan (multinational retirement plan). Non-U.S. citizen shore-based and certain offshore employees working outside their respective country of origin were eligible to participate in the multinational retirement plan provided the employees were not enrolled in any home country pension or retirement program. Participants of the multinational retirement plan could contribute 1% to 50% of their base salary. Prior to January 1, 2018 when we ceased contributing to this plan, we matched, in cash, 50% of the first 6% of eligible compensation deferred by the employee which vests over five years.

Multi-employer Pension Obligations

Certain of our current and former U.K. subsidiaries are participating in two multi-employer retirement funds known as the Merchant Navy Officers Pension Fund, or MNOPF and the Merchant Navy Ratings Pension Fund or MNRPF. At December 31, 2020 and 2019, we had recorded $0.7 million and $1.0 million, respectively, related to these liabilities. The status of the funds is calculated by an actuarial firm approximately every three years. The last assessment was completed in March 2018 for the MNOPF Plan and March 2017 for the MNRPF Plan. We expense $0.2 million per annum for these plans.

(10) STOCK-BASED COMPENSATION AND INCENTIVE PLANS

Our long-term incentive plans have included restricted stock units (RSUs), stock options and phantom stock. As of December 31, 2020, the Tidewater Inc. 2017 Stock Incentive Plan (the “2017 Plan”) and the GulfMark Management Incentive Plan (“Legacy GLF Plan”) are our only two active equity incentive plans and the only types of awards outstanding under either plan are RSUs and stock options that settle in shares of Tidewater common stock.

The number of common stock shares reserved for issuance under the plans and the number of shares available for future grants are as follows:

	Year Ended December 31,		
	2020	2019	2018
Shares of common stock reserved for issuance under the plans	3,973,228	3,973,228	3,973,228
Shares of common stock available for future grants	1,591,577	2,187,101	2,325,102

Restricted Stock Units

We have granted RSUs to key employees, including officers and non-employee directors. We have generally awarded time-based units, where each unit represents the right to receive, at the end of a vesting period, one unrestricted share of Tidewater common stock with no exercise price.

We have also awarded performance-based RSUs, where each unit represents the right to receive, at the end of a vesting period, up to two shares of Tidewater common stock with no exercise price based on various operating and financial metrics. The fair value of the performance-based and time-based RSUs is based on the market price of our common stock on the date of grant. The restrictions on the time-based RSUs awarded to key employees lapse over a three-year period from the date of the award. The restrictions on the time-based RSUs awarded to non-employee directors lapse over a one-year period. Time-based RSUs require no goals to be achieved other than the passage of time and continued employment. The restrictions on the performance-based restricted stock units lapse if we meet specific targets as defined. During the restricted period, the RSUs may not be transferred or encumbered, but the recipient has the right to receive dividend equivalents on the restricted stock units, and there are no voting rights until the restricted stock units vest. If dividends are declared, dividend equivalents are accrued on performance-based restricted shares and ultimately paid only if the performance criteria are achieved. RSU compensation costs are recognized on a straight-line basis over the vesting period, and are net of forfeitures.

RSUs granted to officers and employees under the 2017 Incentive Plan generally have a vesting period over three years in equal installments from the date of grant, except that (i) the RSUs granted to directors vest over one year and (ii) certain RSUs granted to our officers are performance based and vest on the third anniversary of the date of grant, based on our performance as measured.

The following table sets forth a summary of our restricted stock unit activity:

	Weighted-average Grant-Date Fair Value	Time Based Units	Weight-average Grant Date Fair Value	Performance Based Units
Non-vested balance at December 31, 2017	24.41	1,157,646	—	—
Granted	24.58	455,063	26.04	63,365
Vested	24.84	(503,677)	—	—
Cancelled/forfeited	27.15	(27,948)	—	—
Non-vested balance at December 31, 2018	24.21	1,081,084	26.04	63,365
Granted	23.44	186,143	24.50	101,143
Vested	24.45	(784,868)	—	—
Cancelled/forfeited	24.70	(78,591)	24.50	(70,694)
Non-vested balance at December 31, 2019	23.32	403,768	25.54	93,814
Granted	5.95	594,234	—	—
Vested	24.05	(265,919)	26.04	(63,365)
Non-vested balance at December 31, 2020	8.95	732,083	24.50	30,449

Restrictions on 449,870 time-based units outstanding at December 31, 2020 will lapse during fiscal 2021.

Restricted stock unit compensation expense and grant date fair value are as follows:

	Year Ended December 31,		
(In thousands)	2020	2019	2018
Grant date fair value of restricted stock units vested	$ 6,395	$ 19,193	$ 12,513
Restricted stock unit compensation expense	5,117	19,603	13,406

As of December 31, 2020, total unrecognized RSU compensation costs totaled approximately $4.7 million, or $3.7 million net of tax which will be recognized over a weighted average period of two years, compared to $6.3 million, or $5.0 million net of tax, at December 31, 2019 and $22.6 million, $17.1 million, net of tax, at December 31, 2018. No RSU compensation costs were capitalized as part of the costs of an asset. The amount of unrecognized RSU compensation costs will be affected by any future restricted stock unit grants and by the separation of an employee who has received RSUs that are unvested as of their separation date. There were no modifications to the RSUs during the years ended December 31, 2020, 2019 and 2018. Forfeitures are recognized as an adjustment to compensation expense for all RSUs in the same period as the forfeitures occur.

Stock Option Plan

Tidewater has 344,598 stock options that were granted in 2020 all of which are outstanding as of December 31, 2020. The weighted average exercise price was $6.48, with a weighted average remaining contractual term of 9.3 years. The stock options vest ratably over a three-year period and have a life of ten years. None of the stock options have been forfeited or exercised or are exercisable. As of December 31, 2020, there was $0.9 million of unrecognized compensation costs related to the stock options that is expected to be recognized over a weighted-average period of 2.3 years.

Phantom Stock Plan

We previously provided a Phantom Stock Plan (PSP) to provide additional incentive compensation to key employees. Participants in the PSP had the right to receive the value of a share of common stock in cash at vesting. Participants had no voting or other rights as a stockholder. The phantom shares generally had a three-year vesting period. No new awards have been issued under the Phantom Stock Plan since 2016.

The following table sets forth a summary of our phantom stock activity:

	Weighted-average Grant-Date Fair Value	Time Based Shares	Weighted-average Grant-Date Fair Value	Series A Warrants	Weighted-average Grant-Date Fair Value	Series B Warrants
Non-vested balance at December 31, 2017	$ 308.24	13,526	1.00	21,934	0.98	23,712
Vested	360.14	(8,223)	1.00	(13,009)	0.98	(14,064)
Cancelled	240.39	(786)	1.00	(1,275)	0.98	(1,379)
Non-vested balance at December 31, 2018	$ 226.50	4,517	1.00	7,650	2.94	8,269
Vested	226.50	(4,517)	1.00	(7,650)	2.94	(8,269)
Non-vested balance at December 31, 2019	$ —	—	—	—	—	—

The grant date fair value of phantom stock vested was $1.1 million and $3.0 million, respectively, for the years ended December 31, 2019 and 2018. Phantom stock compensation expense was immaterial for both years.

(11) STOCKHOLDERS' EQUITY

Common Stock

The number of shares of authorized and issued common stock and preferred stock are as follows:

	December 31, 2020	December 31, 2019
Common stock shares authorized	125,000,000	125,000,000
Common stock par value	$ 0.001	$ 0.001
Common stock shares issued	40,704,984	39,941,327
Preferred stock shares authorized	3,000,000	3,000,000
Preferred stock par value	No par	No par
Preferred stock shares issued	—	—

Common Stock Repurchases

No shares were repurchased during the years ended December 31, 2020, 2019 and 2018.

Dividend Program

There were no dividends declared during the years ended December 31, 2020, 2019 and 2018.

Warrants

During 2017, we issued 11,543,814 New Creditor Warrants upon emergence from bankruptcy. In addition, 2,432,432 Series A Warrants and 2,629,657 Series B Warrants were issued to the holders of common stock with exercise prices of $57.06 and $62.28, respectively. As of December 31, 2020, we had 657,203 shares of common stock issuable upon the exercise of the New Creditor Warrants. No Series A Warrants or Series B Warrants have been exercised.

In conjunction with the merger with GulfMark, Tidewater assumed approximately 2.3 million $0.01 Creditor Warrants (GLF Creditor Warrants) and approximately 0.8 million Equity Warrants (GLF Equity Warrants) with an exercise price of $100 and each warrant becoming exercisable for 1.1 shares of Tidewater common stock on substantially the same terms and conditions as provided in the warrant agreements governing the GLF Creditor Warrants and the GLF Equity Warrants. As of December 31, 2020, we had 815,575 shares of common stock issuable upon the exercise of the GLF Creditor Warrants. No GLF Equity Warrants have been exercised.

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Accumulated Other Comprehensive Loss

The changes in accumulated other comprehensive income by component, net of tax, are as follows:

	Year Ended December 31,		
(In thousands)	2020	2019	2018
Balance at December 31	$ (236)	$ 2,194	$ (147)
Pension benefits recognized in OCI	(568)	(2,430)	4,133
Available for sale securities recognized in OCI	—	—	(660)
Reclasses from OCI to net income	—	—	(1,132)
Balance at December 31	$ (804)	$ (236)	$ 2,194

The following table summarizes the reclassifications from accumulated other comprehensive loss to the consolidated statement of income:

(In thousands)	Year Ended December 31, 2018	Affected line item in the consolidated statements of income
Retiree medical plan	(1,536)	Interest income and other, net
Realized gains on available for sale securities	404	Interest and other debt costs
Total pre-tax and net of tax amounts	(1,132)	

Tax Benefits Preservation Plan

On April 13, 2020, we adopted a Tax Benefits Preservation Plan (the Plan) as a measure to protect our existing net operating loss carryforwards ($320.7 million at December 31, 2020) and foreign tax credits ($387.4 million at December 31, 2020) (Tax Attributes) and to reduce our potential future tax liabilities. Use of our Tax Attributes will be substantially limited if we experience an "ownership change" as defined in Section 382 of the Internal Revenue Code (Section 382).

While the Plan is in effect, any person or group that acquires beneficial ownership of 4.99% or more of our common stock then outstanding without approval from our Board of Directors (the Board) or without meeting certain customary exceptions would be subject to significant dilution in their ownership interest in our company. Stockholders who currently own 4.99% or more of our outstanding common stock will not trigger the Plan unless they acquire 0.5% or more additional shares of common stock.

Pursuant to the Plan, one right will be distributed to our stockholders for each share of our common stock owned of record at the close of business on April 24, 2020. Each right would initially represent the right to purchase from the Company one one-thousandth of a share of our Series A Junior Participating Preferred Stock, no par value (the "Preferred Stock") at a purchase price of $38.00 per one one-thousandth of a share. The preferred stock will entitle the holder to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of preferred stock. The Board may redeem the rights in whole, but not in part, for $0.001 per right (subject to adjustment) at any time prior to the close of business on the tenth business day after the first date of public announcement that any person or group has triggered the Plan.

The rights will expire on the earliest of (i) the close of business on April 13, 2023, (ii) the time at which the rights are redeemed or exchanged, or (iii) the time at which the Board determines that the Tax Attributes are fully utilized, expired, no longer necessary or become limited under Section 382.

(12) COMMITMENTS AND CONTINGENCIES

Lease Commitments

As of December 31, 2018, we had long-term operating leases for office space, automobiles, temporary residences and office equipment. Aggregate operating lease expenses for the year ended December 31, 2018 were $3.8 million.

Currency Devaluation and Fluctuation Risk

Due to our international operations, we are exposed to foreign currency exchange rate fluctuations and exchange rate risks on all charter hire contracts denominated in foreign currencies. For some of our international contracts, a portion of the revenue and local expenses are incurred in local currencies with the result that we are at risk of changes in the exchange rates between the U.S. dollar and foreign currencies. We generally do not hedge against any foreign currency rate fluctuations associated with foreign currency contracts that arise in the normal course of business, which exposes us to the risk of exchange rate losses. To minimize the financial impact of these items, we attempt to contract a significant majority of our services in U.S. dollars. In addition, we attempt to minimize the financial impact of these risks by matching the currency of the company's operating costs with the currency of the revenue streams when considered appropriate. We continually monitor the currency exchange risks associated with all contracts not denominated in U.S. dollars.

Legal Proceedings

Various legal proceedings and claims are outstanding which arose in the ordinary course of business. In the opinion of management, the amount of ultimate liability, if any, with respect to these actions, will not have a material adverse effect on our financial position, results of operations, or cash flows.

(13) ACCRUED EXPENSES, OTHER CURRENT LIABILITIES, AND OTHER LIABILITIES

A summary of accrued expenses as of December 31, is as follows:

(In thousands)	2020	2019
Payroll and related payables	$ 17,201	$ 16,351
Accrued vessel expenses	17,129	38,383
Accrued interest expense	3,240	4,570
Other accrued expenses	14,852	14,696
	$ 52,422	$ 74,000

A summary of other current liabilities as of December 31, is as follows:

(In thousands)	2020	2019
Taxes payable	$ 23,883	$ 18,661
Other	8,902	5,439
	$ 32,785	$ 24,100

A summary of other liabilities as of December 31, is as follows:

(In thousands)	2020	2019
Pension liabilities	$ 31,736	$ 32,545
Liability for uncertain tax positions	35,304	48,577
Other	12,752	17,275
	$ 79,792	$ 98,397

(14) SEGMENT INFORMATION, GEOGRAPHICAL DATA AND MAJOR CUSTOMERS

Operating business segments are defined as a component of an enterprise for which separate financial information is available and is evaluated by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

The following table provides a comparison of revenues, vessel operating profit, depreciation and amortization, and additions to properties and equipment. Vessel revenues and operating costs relate to our owned and operated vessels while other operating revenues relate to the activities of our other miscellaneous marine-related businesses.

	Year Ended December 31,			
(In thousands)		2020	2019	2018
Revenues:				
Vessel revenues:				
Americas	$	126,676	136,958	118,534
Middle East/Asia Pacific		97,133	90,321	80,195
Europe/Mediterranean		83,602	123,711	56,263
West Africa		78,763	126,025	142,214
	$	386,174	477,015	397,206
Other operating revenues		10,864	9,534	9,314
	$	397,038	486,549	406,520
Vessel operating profit (loss):				
Americas	$	4,944	(805)	8,860
Middle East/Asia Pacific		(5,935)	(6,044)	(4,417)
Europe/Mediterranean		(8,629)	(1,289)	(9,359)
West Africa		(27,508)	8,298	7,240
	$	(37,128)	160	2,324
Other operating profit		7,458	6,734	3,742
		(29,670)	6,894	6,066
Corporate expenses	$	(35,633)	(57,988)	(42,972)
Gain on asset dispositions, net		7,591	2,263	10,624
Affiliate credit loss impairment expense		(52,981)	—	—
Affiliate guarantee obligation		(2,000)	—	—
Impairment of due from affiliate		—	—	(20,083)
Asset impairments and other		(74,109)	(37,773)	(61,132)
Operating loss	$	(186,802)	(86,604)	(107,497)
Depreciation and amortization:				
Americas	$	32,079	27,493	16,047
Middle East/Asia Pacific		24,244	21,440	11,871
Europe/Mediterranean		29,222	30,053	11,385
West Africa		27,787	21,166	16,612
Corporate and other		3,377	1,779	2,378
	$	116,709	101,931	58,293
Additions to properties and equipment:				
Americas	$	2,842	969	3,771
Middle East/Asia Pacific		2,629	5,237	2,982
Europe/Mediterranean		1,059	4,001	185
West Africa		6,028	2,721	10,135
Corporate		2,342	5,070	4,318
	$	14,900	17,998	21,391
Total assets:				
Americas	$	338,649	375,297	380,168
Middle East/Asia Pacific		226,422	270,413	233,611
Europe/Mediterranean		302,214	358,943	316,524
West Africa		242,825	376,087	483,234
Investments in and advances to unconsolidated companies and other		—	—	8,479
Corporate		141,067	198,788	405,723
	$	1,251,177	1,579,528	1,827,739

The following table discloses our customers that accounted for 10% or more of total revenues:

	Year Ended December 31,		
	2020	2019	2018
Chevron Corporation	14.3%	13.0%	15.0%
Saudi Aramco	11.5%	*	*

* Less than 10% of total revenues.

(15) RESTRUCTURING CHARGES

In the fourth quarter of 2018, we finalized plans to abandon duplicate office facilities with lease terms expiring between 2023 and 2026 in St. Rose and New Orleans, Louisiana, Houston, Texas and Aberdeen, Scotland. Those closures resulted in \$7.3 million, \$6.8 million and \$1.5 million respectively, of lease exit and severance charges in the fourth quarter of 2018 and the years ended December 31, 2019 and 2020, respectively. These charges are included in general and administrative expense in our consolidated Statement of Operations.

Activity for the lease exit and severance liabilities for the two years ended December 31, 2020 were:

	Lease Exit Costs		Severance	
(In thousands)	Europe/ Mediterranean	Corporate	Company	Total
Balance at December 31, 2018	$ 2,005	4,463	285	$ 6,753
Charges (credits)	44	(33)	6,811	6,822
Cash payments	(258)	(2,112)	(6,824)	(9,194)
Balance at December 31, 2019	$ 1,791	2,318	272	$ 4,381
Charges	71	63	1,367	1,501
Cash payments	(306)	(602)	(1,639)	(2,547)
Balance at December 31, 2020	$ 1,556	1,779	—	$ 3,335

SCHEDULE II

TIDEWATER INC. AND SUBSIDIARIES
Valuation and Qualifying Accounts
(In thousands)

Description	Balance at Beginning of period	Additions at Cost	Deductions	Balance at End of Period
Year Ended December 31, 2018				
Deducted in balance sheet from trade accounts receivables:				
Allowance for doubtful accounts	$ 1,800	900	—	2,700
Year Ended December 31, 2019				
Deducted in balance sheet from trade accounts receivables:				
Allowance for doubtful accounts	$ 2,700	—	2,630	70
Year Ended December 31, 2020				
Deducted in balance sheet from trade accounts receivables:				
Allowance for credit losses	$ 70	1,446	—	1,516

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed with the objective of ensuring that all information required to be disclosed in our reports filed under the Securities Exchange Act of 1934 (Exchange Act), such as this Annual Report on Form 10-K, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive and chief financial officers, as appropriate, to allow timely decisions regarding required disclosure. However, any control system, no matter how well conceived and followed, can provide only reasonable, and not absolute, assurance that the objectives of the control system are met.

As of the end of the period covered by this report, we have evaluated, under the supervision and with the participation of our management, including our President, Chief Executive Officer and Chief Financial Officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act, as amended). Based on that evaluation, our President, Chief Executive Officer, and Chief Financial Officer concluded that our disclosure controls and procedures are effective in timely alerting them to material information (including our consolidated subsidiaries) required to be disclosed in our reports which we file and submit under the Exchange Act.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934). Our internal control system was designed to provide reasonable assurance to our management and Board of Directors regarding the reliability of financial reporting and the preparation and fair presentation of published financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2020. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control—Integrated Framework (2013)*. Based on our assessment we believe that, as of December 31, 2020, our internal control over financial reporting is effective based on those criteria.

Changes in Internal Control Over Financial Reporting

No changes in internal control over financial reporting or other factors that might significantly affect internal control over financial reporting, including any corrective actions taken by management with regard to significant deficiencies and material weaknesses, have occurred subsequent to December 31, 2019.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Tidewater Inc. and subsidiaries

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Tidewater Inc. and subsidiaries (the "Company") as of December 31, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2020, of the Company and our report dated March 4, 2021, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Houston, Texas
March 4, 2021

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required by this item is incorporated by reference to our 2021 Proxy Statement, which will be filed with the SEC not later than 120 days subsequent to December 31, 2020.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this item is incorporated by reference to our 2021 Proxy Statement, which will be filed with the SEC not later than 120 days subsequent to December 31, 2020.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required by this item is incorporated by reference to our 2021 Proxy Statement, which will be filed with the SEC not later than 120 days subsequent to December 31, 2020.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required by this item is incorporated by reference to our 2021 Proxy Statement, which will be filed with the SEC not later than 120 days subsequent to December 31, 2020.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information required by this item is incorporated by reference to our 2021 Proxy Statement, which will be filed with the SEC not later than 120 days subsequent to December 31, 2020.

PART IV

ITEM 15. EXHIBITS

(a) The following documents are filed as part of this Annual Report on Form 10-K:

(1) Financial Statements.

A list of the consolidated financial statements filed as a part of this Annual Report on Form 10-K is set forth in Part II, Item 8 beginning on page F-1 of this Annual Report on Form 10-K and is incorporated herein by reference.

(2) Financial Statement Schedules.

The financial statement schedule included in Part II, Item 8 of this document is filed as part of this Annual Report on Form 10-K which begins on page F-1. All other schedules are omitted as the required information is inapplicable or the information is included in the consolidated financial statements or related notes.

(3) Exhibits.

The index below describes each exhibit filed as a part of this Annual Report on Form 10-K. Exhibits not incorporated by reference to a prior filing are designated by an asterisk; all exhibits not so designated are incorporated herein by reference to a prior filing as indicated.

2.1	Joint Prepackaged Chapter 11 Plan of Reorganization of Tidewater Inc. and its Affiliated Debtors, dated May 11, 2017 (filed with the Commission as Exhibit A to Exhibit T3E.1 of the Form T-3 filed on May 12, 2017, File No. 22-29043).
2.2	Disclosure Statement for Joint Prepackaged Chapter 11 Plan of Reorganization of Tidewater Inc. and its Affiliated Debtors, dated May 11, 2017 (filed with the Commission as Exhibit T3E.1 of the Form T-3 filed on May 12, 2017, File No. 22-29043).
2.3	Second Amended Joint Prepackaged Chapter 11 Plan of Reorganization of Tidewater Inc. and its Affiliated Debtors, dated July 13, 2017 (filed with the Commission as Exhibit 2.1 to the company's current report on Form 8-K on July 18, 2017, File No. 1-6311).
2.4	Agreement and Plan of Merger by and between Tidewater Inc. and GulfMark Offshore, Inc., dated as of July 15, 2018 (filed with the Commission as Exhibit 2.1 to the company's current report on Form 8-K filed on July 16, 2018, File No. 1-6311).
3.1	Amended and Restated Certificate of Incorporation of Tidewater Inc. (filed with the Commission as Exhibit 3.1 to the company's current report on Form 8-K on July 31, 2017, File No. 1-6311).
3.2	Amended and Restated By-Laws of Tidewater Inc., dated November 15, 2018 (filed with the Commission as Exhibit 3.2 to the company's registration statement on Form 8-A on November 15, 2018, File No. 1-6311).
3.3	Certificate of Designations of Series A Junior Participating Preferred Stock (filed with the Commission as Exhibit 3.1 to the company's current report on Form 8-K on April 14, 2020, File No. 1-6311).
4.1*	Description of Registered Securities of Tidewater, Inc.
4.2	Indenture for 8.00% Senior Secured Notes due 2022, dated July 31, 2017, by and among Tidewater Inc., each of the Guarantors party thereto, and Wilmington Trust, National Association, as Trustee and Collateral Agent (filed with the Commission as Exhibit 4.1 to the company's current report on Form 8-K on July 31, 2017, File No. 1-6311).
4.3	Third Supplemental Indenture, dated November 22, 2019, by and among Tidewater Inc., the guarantors party thereto and Wilmington Trust, National Association, as trustee and collateral agent (filed with the Commission as Exhibit 4.1 to the company's current report on Form 8-K on November 26, 2019, File No. 1-6311).
4.4	Fourth Supplemental Indenture, dated November 18, 2020, by and among Tidewater Inc., the guarantors party thereto and Wilmington Trust, National Association, as trustee and collateral agent (filed with the Commission as Exhibit 4.1 to the company's current report on Form 8-K on November 23, 2020, File No. 1-6311).
4.5	Tax Benefits Preservation Plan by and between the Company and Computershare Trust Company, N.A., a federally chartered trust company, as Rights Agent, dated as of April 13, 2020 (filed with the Commission as Exhibit 4.1 to the company's registration statement on Form 8-K on April 14, 2020, File No. 1-6311).
10.1	Restructuring Support Agreement, dated May 11, 2017 (filed with the Commission as Schedule 1 to Exhibit A to Exhibit T3E.1 of the Form T-3 filed on May 12, 2017, File No. 22-29043).

10.2	Amendment and Restatement Agreement No. 5 to the Troms Facility Agreement, dated December 11, 2020 (filed with the Commission as Exhibit 10 to the company's current report on Form 8-K on December 15, 2020, File No. 1-6311).
10.3	Creditor Warrant Agreement, dated July 31, 2017, between Tidewater Inc., as Issuer and Computershare Inc. and Computershare Trust Company, N.A., collectively as Warrant Agent (filed with the Commission as Exhibit 10.1 to the company's current report on Form 8-K on July 31, 2017, File No. 1-6311).
10.4	Existing Equity Warrant Agreement, dated July 31, 2017, between Tidewater Inc., as Issuer and Computershare Inc. and Computershare Trust Company, N.A., collectively as Warrant Agent (filed with the Commission as Exhibit 10.2 to the company's current report on Form 8-K on July 31, 2017, File No. 1-6311).
10.5	Equity Warrant Agreement, dated as of November 14, 2017, between GulfMark Offshore, Inc. and American Stock Transfer & Trust Company, LLC, as warrant agent (filed with the Commission as Exhibit 4.1 to the company's registration statement on Form 8-A on November 15, 2018, File No. 1-6311).
10.6	Assignment, Assumption and Amendment Agreement, dated as of and effective November 15, 2018, by and among GulfMark Offshore, Inc., Tidewater Inc. and American Stock Transfer & Trust Company, LLC, as warrant agent (filed with the Commission as Exhibit 4.2 to the company's registration statement on Form 8-A on November 15, 2018, File No. 1-6311).
10.7	Noteholder Warrant Agreement, dated as of November 14, 2017, between GulfMark Offshore, Inc. and American Stock Transfer & Trust Company, LLC, as warrant agent (filed with the Commission as Exhibit 4.1 to the company's current report on Form 8-K on November 16, 2018, File No. 1-6311).
10.8	Assignment, Assumption and Amendment Agreement – Jones Act Warrants, dated as of and effective November 15, 2018, by and among GulfMark Offshore, Inc., Tidewater Inc. and American Stock Transfer & Trust Company, LLC, as warrant agent (filed with the Commission as Exhibit 4.2 to the company's current report on Form 8-K on November 16, 2018, File No. 1-6311).
10.9+	Restated Non-Qualified Deferred Compensation Plan and Trust Agreement as Restated October 1, 1999 between Tidewater Inc. and Merrill Lynch Trust Company of America (filed with the Commission as Exhibit 10(e) to the company's quarterly report on Form 10-Q for the quarter ended December 31, 1999, File No. 1-6311).
10.10+	Tidewater Inc. Amended and Restated Employees' Supplemental Savings Plan, executed on December 10, 2008 (filed with the Commission as Exhibit 10.3 to the company's quarterly report on Form 10-Q for the quarter ended December 31, 2008, File No. 1-6311).
10.11+	Amendment Number One to the Tidewater Employees' Supplemental Savings Plan, effective January 22, 2009 (filed with the Commission as Exhibit 10.43 to the company's annual report on Form 10-K for the fiscal year ended March 31, 2009, File No. 1-6311).
10.12+	Amendment Number Two to the Tidewater Employees' Supplemental Savings Plan (filed with the Commission as Exhibit 10.43 to the company's annual report on Form 10-K for the fiscal year ended March 31, 2011, File No. 1-6311).
10.13+	Amendment Number Three to the Tidewater Employees' Supplemental Savings Plan (filed with the Commission as Exhibit 10.1 to the company's quarterly report on Form 10-Q for the quarter ended December 31, 2010, File No. 1-6311).
10.14+	Summary of Compensation Arrangements with Non-employee Directors (filed with the Commission as Exhibit 10.15 to the company's annual report on Form 10-K for the fiscal year ended December 31, 2019, File No. 1-6311).

10.15+	Director Stock Election Program (filed with the Commission as Exhibit 10.13 to the company's quarterly report on Form 10-Q for the quarter ended June 30, 2019 filed on August 9, 2019, File No. 1-6311).
10.16+	Form of Tidewater Inc. Indemnification Agreement entered into with each member of the Board of Directors, each executive officer and the principal accounting officer (filed with the Commission as Exhibit 10 to the company's current report on Form 8-K on August 12, 2015, File No. 1-6311).
10.17+	Tidewater Inc. 2017 Stock Incentive Plan (filed with the Commission as Exhibit 10.3 to the company's current report on Form 8-K on July 31, 2017, File No. 1-6311).
10.18+	Amendment No. 1 to the Tidewater Inc. 2017 Stock Incentive Plan, effective April 30, 2019 (filed with the Commission as Exhibit 10.11 to the company's quarterly report on Form 10-Q for the quarter ended March 31, 2019 filed on May 6, 2019, File No. 1-6311).
10.19+	Form of Incentive Agreement for the Grant of Restricted Stock Units under the Tidewater Inc. 2017 Stock Incentive Plan (grants to non-employee directors) (filed with the Commission as Exhibit 10.5 to the company's quarterly report on Form 10-Q for the quarter ended September 30, 2017, File No. 1-6311).

10.20+	Legacy GLF Management Incentive Plan (filed with the Commission as Exhibit 10.1 to the company's registration statement on Form S-8 on November 15, 2018, File No. 333-228401).
10.21+	Amendment No. 1 to the Tidewater Inc. Legacy GLF Management Incentive Plan, effective April 30, 2019 (filed with the Commission as Exhibit 10.10 to the company's quarterly report on Form 10-Q for the quarter ended March 31, 2019 filed on May 6, 2019, File No. 1-6311).
10.22+	Form of Incentive Agreement for the Grant of Restricted Stock Units under the Legacy GLF Management Incentive Plan (grants to non-employee directors) (filed with the Commission as Exhibit 10.37 to the company's annual report on Form 10-K for the year ended December 31, 2018 filed on February 28, 2019).
10.23+	Officer Form of Incentive Agreement for the Grant of Restricted Stock Units under the Legacy GLF Management Incentive Plan (for use with onboarding grants in 2018) (filed with the Commission as Exhibit 10.38 to the company's annual report on Form 10-K for the year ended December 31, 2018 filed on February 28, 2019).
10.24+	Officer Form of Agreement for the Grant of Restricted Stock Units under either the Tidewater Inc. 2017 Stock Incentive Plan or the Tidewater Inc. Legacy GLF Management Incentive Plan (for use with annual grants in 2019 and 2020) (filed with the Commission as Exhibit 10.12 to the company's quarterly report on Form 10-Q for the quarter ended June 30, 2019 filed on August 9, 2019, File No. 1-6311).
10.25+*	Form of Agreement for the Grant of Stock Options under the Tidewater Inc. 2017 Stock Incentive Plan (for use with CEO grant in 2020).
10.26+	Amended and Restated Employment Agreement with Quintin V. Kneen, dated and effective December 28, 2018 (filed with the Commission as Exhibit 10.1 to the company's current report on Form 8-K on January 4, 2019, File No. 1-6311).
10.27+	Amendment, dated September 3, 2019, to Amended and Restated Employment Agreement with Quintin V. Kneen (filed with the Commission as Exhibit 10.9 to the company's quarterly report on Form 10-Q for the quarter ended September 30, 2019 filed on November 12, 2019, File No. 1-6311).
10.28+	Amended and Restated Employment Agreement with Samuel R. Rubio, dated and effective December 28, 2018 (filed with the Commission as Exhibit 10.5 to the company's current report on Form 8-K on January 4, 2019, File No. 1-6311).
10.29+	Form of Change of Control Agreement, entered into with certain of the company's officers (filed with the Commission as Exhibit 10.1 to the company's current report on Form 8-K on December 19, 2017, File No. 1-6311).
10.30+	Tidewater Inc. Short-Term Incentive Plan (effective for performance periods beginning January 1, 2019) (filed with the Commission as Exhibit 10.1 to the company's current report on Form 8-K on April 19, 2019, File No. 1-6311).
10.31+	Form of Retention Bonus Program Letter Agreement (entered into with certain executive officers in March 2020) (filed with the Commission as Exhibit 10.9 to the company's quarterly report on Form 10-Q for the quarter ended March 31, 2020 filed on May 11, 2020, File No. 1-6311).
21*	Subsidiaries of the company.
23*	Consent of Independent Registered Accounting Firm – Deloitte & Touche LLP.
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101.INS*	Inline XBRL Instance Document. – The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.
+ Indicates a management contract or compensatory plan or arrangement.

ITEM 16. FORM 10-K SUMMARY.

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on March 4, 2021.

TIDEWATER INC.
(Registrant)

By: /s/ Quintin V. Kneen
Quintin V. Kneen
President, Chief Executive Officer and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on March 4, 2021.

/s/ Quintin V. Kneen
Quintin V. Kneen, President, Chief Executive Officer and Director (Principal Executive Officer and Principal Financial Officer)

/s/ Samuel R. Rubio
Samuel R. Rubio, Vice President, Chief Accounting Officer and Controller (Principal Accounting Officer)

/s/ Larry T. Rigdon
Larry T. Rigdon, Chairman of the Board of Directors

/s/ Darron M. Anderson
Darron M. Anderson, Director

/s/ Dick H. Fagerstal
Dick H. Fagerstal, Director

/s/ Louis A. Raspino
Louis A. Raspino, Director

/s/ Kenneth H. Traub
Kenneth H. Traub, Director

/s/ Lois K. Zabrocky
Lois K. Zabrocky, Director

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

As of December 31, 2020, Tidewater Inc. ("Tidewater," the "company," "we," "us," and "our") had four securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): (1) our common stock, par value $0.001 per share (the "Common Stock"); (2) series A Junior participating preferred stock purchase rights (the "Rights"); (3) Tidewater equity warrants, consisting of two series ("Series A Warrants" and "Series B Warrants" and together, the "TDW Equity Warrants"); and (4) legacy GulfMark equity warrants ("Legacy GLF Equity Warrants"), which were assumed and converted in our 2018 business combination with GulfMark Offshore, Inc. ("GulfMark" and such event, the "business combination").

Description of Common Stock

The following summary does not purport to be complete and is subject to, and qualified in its entirety by reference to (1) the applicable provisions of the Delaware General Corporation Law (the "DGCL") and (2) the applicable provisions of our amended and restated certificate of incorporation (our "charter") and our amended and restated by-laws (our "by-laws"), both of which are incorporated by reference as exhibits to the Annual Report on Form 10-K of which this Exhibit is a part. We encourage you to read our charter, our by-laws, and the applicable provisions of the DGCL for additional information.

Authorized Shares. Our charter authorizes us to issue up to 125,000,000 shares of Common Stock and 3,000,000 shares of preferred stock, no par value per share.

Voting Rights. We have only one outstanding class of Common Stock and all voting rights are vested in the holders of Common Stock. On all matters subject to a vote of stockholders, including the election of directors, our stockholders are entitled to one vote for each share of Common Stock owned. Our stockholders do not have cumulative voting rights with respect to the election of directors.

Dividend Rights. Subject to the rights that may be granted to any holders of Tidewater preferred stock, holders of Common Stock are entitled to receive dividends, if any, in the amounts and at the times declared by the board of directors of Tidewater (the "Board") in its discretion out of any assets or funds of Tidewater legally available for the payment of dividends.

Liquidation Rights. Upon the dissolution, liquidation or winding up of Tidewater's business, subject to the rights, if any, of the holders of any outstanding series of preferred stock, holders of Common Stock are entitled to receive the assets of Tidewater available for distribution to its stockholders ratably in proportion to the number of shares of Common Stock held by them.

Assessment and Redemption. Shares of Common Stock presently outstanding are validly issued, fully paid and nonassessable. There is no provision for any voluntary redemption of Common Stock.

Preemptive Rights. Holders of Common Stock do not have any preemptive right to subscribe to an additional issue of its Common Stock or to any security convertible into such stock.

Limitations on Ownership by Non-U.S. Citizens. We own and operate U.S.-flag vessels in U.S. coastwise trade; accordingly, we are subject to applicable statutes and regulations commonly referred to as the Jones Act, which, subject to limited exceptions, restricts maritime transportation between points in the United States (known as marine cabotage services or coastwise trade) to vessels built in the United States, registered under the U.S. flag, manned by predominantly U.S. crews, and owned and operated by U.S. citizens within the meaning of the Jones Act. Under the Jones Act, at least 75% of the outstanding shares of each class or series of our capital stock must be owned and controlled by U.S. citizens. In order to ensure compliance with the Jones Act coastwise citizenship requirement that at least 75% of our outstanding Common Stock is owned by U.S. citizens, our charter restricts ownership of the shares of our outstanding Common Stock by non-U.S. citizens in the aggregate to not more than 24%. Our charter further prohibits the acquisition of shares by a non-U.S. citizen where (i) such acquisition would cause the aggregate number of shares held by all non-U.S. citizens to exceed 24% of our issued and outstanding Common Stock and (ii) such acquisition would cause the aggregate number of shares held by any individual non-U.S. citizen to exceed 4.9% of our issued and outstanding Common Stock. Our charter further provides the Board with authority to redeem any share of Common Stock that is owned by a non-U.S. citizen that would result in ownership by non-U.S. citizens in the aggregate in excess of 24% of our issued and outstanding Common Stock. Our charter further provides that we may require beneficial owners of our Common Stock to confirm their citizenship from time to time through written statement or affidavit and could, at the discretion of the Board, suspend the voting rights of such beneficial owner, pay into an escrow account dividends or other distributions (upon liquidation or otherwise) with respect to such shares held by such beneficial owner and restrict, prohibit or void the transfer of such shares and refuse to register such shares of Common Stock held by such beneficial owner until confirmation of its citizenship status is received.

Listing. Our Common Stock is listed for trading on the New York Stock Exchange under the symbol "TDW."

Transfer Agent. The transfer agent and registrar for our Common Stock is Computershare Inc.

Description of Series A Junior Participating Preferred Stock Purchase Rights

The following summary does not purport to be complete and is subject to, and qualified in its entirety by reference to the Tax Benefits Preservation Plan by and between the Company and the rights agent, dated April 13, 2020 (the "Rights Plan"), which is incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit is a part. We encourage you to read the Rights Plan and our charter for additional information.

General. The Company's board of directors (the "Board") adopted the Rights Plan on April 13, 2020 in an effort to protect the Company from potential adverse consequences arising under Section 382 ("Section 382") of the Internal Revenue Code, as amended (the "Code"), such adverse consequences including a significant reduction in the annual utilization of the Company's net operating loss carryforwards ("NOLs") and built-in losses and the impairment or loss of the NOLs and built-in losses prior to their use. We have experienced and may continue to experience substantial operating losses, and under the Code and rules promulgated by the Internal Revenue Service, we may "carry forward" these losses in certain circumstances to offset any current and future earnings and thus reduce our federal income tax liability, subject to certain requirements and restrictions. To the extent that the NOLs do not otherwise become limited, we believe that we will be able to carry forward a significant amount of NOLs, and therefore these NOLs could be a substantial asset to us. However, if we experience an "Ownership Change," as defined in Section 382, our ability to use the NOLs will be substantially limited, and the timing of the usage of the NOLs could be substantially delayed, which could therefore significantly impair the value of that asset.

The Rights. Subject to the terms, provisions and conditions of the Rights Plan, if the Rights become exercisable, each Right would initially represent the right to purchase from the Company one one-thousandth (subject to adjustment) of a share of our Series A Junior Participating Preferred Stock, no par value (the "Preferred Stock"), at a purchase price of $38.00 per one one-thousandth of a share of Preferred Stock, subject to adjustment (the "Purchase Price"). The Preferred Stock may be issued in fractions of a share which will entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Preferred Stock.

Until a Right is exercised, the holder thereof, as such, will have no rights as a stockholder of the Company beyond those as an existing stockholder, including, without limitation, the right to vote or to receive dividends.

Acquiring Person. Under the Rights Plan, an "Acquiring Person" is any person who, together with all affiliates and associates from the date of the Rights Plan, is the beneficial owner of 4.99% or more of the Common Stock then outstanding. An Acquiring Person does not include (i) an "Exempt Person" (as defined below), (ii) any person that becomes the beneficial owner of 4.99% or more of the Common Stock solely as a result of equity compensation awards granted to such person by the Company or as a result of an adjustment to the number of shares of Common Stock represented by such equity compensation award pursuant to the terms thereof, unless and until such time as such person or one or more of its affiliates or associates thereafter acquires beneficial ownership of one additional share of Common Stock (other than Common Stock acquired as described in clause this (ii) or pursuant to a dividend or distribution paid or made by the Company on the outstanding Common Stock in Common Stock or pursuant to a split or reclassification of the outstanding Common Stock), or (iii) any Existing Holder (as defined below), unless and until such time as such Existing Holder shall become the beneficial owner of (A) a percentage of the Common Stock then outstanding that is more than the aggregate percentage of the outstanding Common Stock that such Existing Holder Beneficially Owns immediately prior to the first public announcement of the adoption of this Agreement plus an amount equal to an additional 0.5% of the outstanding Common Stock (such aggregate amount being the "Exempt Ownership Percentage")(excluding any shares of Common Stock acquired after the first public announcement of the adoption of the Rights Plan in the manner described in the immediately preceding clause (ii) or pursuant to a dividend or distribution paid or made by the Company on the outstanding Common Stock in Common Stock or pursuant to a split or reclassification of the outstanding Common Stock) or (B) less than 4.99% of the Common Stock then outstanding (after which time, if such person shall be the beneficial owner of 4.99% or more of the Common Stock then outstanding (other than by virtue of acquiring beneficial ownership of any shares of Common Stock in the manner described in the immediately preceding clause (ii) or pursuant to a dividend or distribution paid or made by the Company on the outstanding Common Stock in Common Stock or pursuant to a split or reclassification of the outstanding Common Stock), such person shall be or become deemed an Acquiring Person).

No person shall become an "Acquiring Person" as the result of an acquisition of Common Stock by the Company which, by reducing the number of shares outstanding, increases the proportionate number of shares beneficially owned by such person to 4.99% (or, in the case of an Existing Holder, the Exempt Ownership Percentage) or more of the Common Stock then outstanding; provided, however, that if a person becomes the beneficial owner of 4.99% (or, in the case of an Existing Holder, the Exempt Ownership Percentage) or more of the Common Stock then outstanding solely by reason of share purchases by the Company and shall, after such share purchases by the Company, become the beneficial owner of one or more additional shares of Common Stock (other than pursuant to a dividend or distribution paid or made by the Company on the outstanding Common Stock in Common Stock or pursuant to a split or subdivision of the outstanding Common Stock), then such person shall be deemed to be an "Acquiring Person" unless, upon becoming the beneficial owner of such additional Common Stock, such person does not beneficially own 4.99% (or, in the case of an Existing Holder, the Exempt Ownership Percentage) or more of the Common Stock then outstanding.

If the Board determines in good faith that a person who would otherwise be an "Acquiring Person," has become such inadvertently (including, without limitation, because (A) such person was unaware that it beneficially owned a percentage of Common Stock that would otherwise cause such person to be an "Acquiring Person" or (B) such person was aware of the extent of its beneficial ownership of Common Stock but had no actual knowledge of the consequences of such beneficial ownership under the Rights Plan), and such person divests as promptly as practicable (as determined in good faith by the Board) a sufficient number of shares of Common Stock so that such person would no longer be an Acquiring Person, then such person shall not be deemed to be or have become an Acquiring Person at any time for any purposes of the Rights Plan. For all purposes of the Rights Plan, any calculation of the number of shares of Common Stock outstanding at any particular time, for purposes of determining the particular percentage of such outstanding Common Stock of which any person is the beneficial owner, shall be made pursuant to and in accordance with Section 382.

"Existing Holder" means any person, immediately prior to the first public announcement of the adoption of the Rights Plan, is the beneficial owner of 4.99% or more of the Common Stock then outstanding, together with any affiliates and associates of such person.

"Exempt Person" means (i) the Company, any Subsidiary of the Company, in each case including, without limitation, the officers and board of directors thereof acting in their fiduciary capacity, or any employee benefit plan of the Company or of any Subsidiary of the Company or any entity or trustee holding shares of capital stock of the Company for or pursuant to the terms of any such plan, or for the purpose of funding other employee benefits for employees of the Company or any Subsidiary of the Company, (ii) any person deemed to be an "Exempt Person" in accordance with the Rights Plan, (iii) any other person whose beneficial ownership (together with all affiliates and associates of such person) of shares in excess of 4.99% of the then-outstanding Common Stock (or, in the case of an Existing Holder, shares of Common Stock in excess of the Exempt Ownership Percentage) will not, as determined by the Board in its sole discretion, jeopardize or endanger the value or availability to the Company of the Company's tax attributes, and (iv) any other person if the Board has determined in good faith that such person shall be an "Exempt Person"; provided, however, that any person deemed to be an "Exempt Person" pursuant to subclauses (ii) or (iii) will cease to be an "Exempt Person" if the Board thereafter makes a determination that such person's beneficial ownership (together with all Affiliates and Associates of such person) would, notwithstanding its prior determination to the contrary, jeopardize or endanger the value or availability to the Company of the tax attributes.

Exercisability. Until the earlier to occur of (i) the tenth business day following a public announcement that a person or group of affiliated or associated persons has become an Acquiring Person or (ii) ten business days (or such later date as may be determined by action of the Board of prior to such time as any person or group of affiliated persons becomes an Acquiring Person) following the commencement or announcement of an intention to make a tender offer or exchange offer the consummation of which would result in any person becoming an Acquiring Person (the earlier of (i) and (ii) being called the "Distribution Date"), the Rights will be evidenced, with respect to any of the Common Stock certificates outstanding as of the Record Date, by such Common Stock certificate (or, with respect to any shares of Common Stock held in book entry form, by the notation in book entry) together with a copy of the related summary of rights.

Any transfer of Common Stock prior to the Distribution Date will constitute a transfer of the associated Rights. After the Distribution Date, the Rights may be transferred other than in connection with the transfer of the underlying shares of Common Stock.

After the time at which a person becomes an Acquiring Person (the "Trigger Event") upon expiration of the redemption period, each holder of a Right, other than Rights beneficially owned by the Acquiring Person (which will thereupon become void), will thereafter have the right to receive upon exercise at a price per Right equal to the then current Purchase Price multiplied by the number of one-thousandths of a share of Preferred Stock for which a right is then exercisable, in accordance with the terms of the Rights Plan and in lieu of Preferred Stock, such number of shares of Common Stock which equals the result obtained by (x) multiplying the then current Purchase Price by the then number of one one-thousandths of a share of Preferred Stock for which a Right is then exercisable and (y) dividing that product by 50% of the current per share market price of the Common Stock on the first date of the occurrence of the, or the date of the first public announcement of the Trigger Event.

Until a Right is exercised, the holder thereof, as such, will have no rights as a stockholder of the Company beyond those as an existing stockholder, including, without limitation, the right to vote or to receive dividends.

Exchange of Common Stock for Rights. After the occurrence of a Trigger Event and prior to the acquisition by such Acquiring Person of 50% or more of the outstanding Common Stock, the Board of Directors may cause the Company to exchange the Rights (other than Rights owned by an Acquiring Person which will have become void), in whole or in part, for Common Stock at an exchange rate of one share of Common Stock per Right (subject to adjustment).

Expiration. The Rights are not exercisable until the Distribution Date. The Rights, which were approved by the Company's stockholders at the 2020 annual meeting, will expire on the earliest of (i) the close of business on April 13, 2023, (ii) the time at which the Rights are redeemed as provided in Plan, (iii) the time at which the Rights are exchanged as provided in the Plan, (iv) the closing of any merger or other acquisition transaction involving the Company pursuant to an agreement of the type described in the Plan, (v) the close of business on the effective date of the repeal of Section 382 of the Code if the Board determines that this Plan is no longer necessary or desirable for the preservation of the tax attributes or (vi) the close of business on the first day of a taxable year of the Company to which the Board determines that no tax attributes may be carried forward or otherwise utilized.

Redemption. The Board may, at its option, at any time prior to the earlier of (a) the tenth business day following a public announcement that a person or group of affiliated or associated persons has acquired beneficial ownership of 4.99% or more of the Common Stock, and (b) April 13, 2023, redeem all but not less than all of the then outstanding Rights at a redemption price of $0.001 per Right, appropriately adjusted to reflect any stock split, stock dividend, recapitalization or similar transaction occurring after the date hereof (the "Redemption Price"), and the Company may, at its option, pay the Redemption Price in Common Stock (based on the current per share market price at the time of redemption), cash or any other form of consideration deemed appropriate by the Board. The redemption of the Rights by the Board may be made effective at such time, on such basis and subject to such conditions as the Board in its sole discretion may establish.

Rights of Preferred Stock. Each share of Preferred Stock purchasable upon exercise of the Rights will be entitled, when, as and if declared, to a minimum preferential quarterly dividend payment of 1,000 times the dividend, if any, declared per share of Common Stock. In the event of liquidation, dissolution or winding up of the Company, the holders of the Preferred Stock will be entitled to a minimum preferential liquidation payment of $10.00 per share (plus any accrued but unpaid dividends), provided that such holders of the Preferred Stock will be entitled to an aggregate payment of 1,000 times the payment made per share of Common Stock. Each share of Preferred Stock will have 1,000 votes and will vote together with the Common Stock. Finally, in the event of any merger, consolidation or other transaction in which Common Stock are exchanged, each share of Preferred Stock will be entitled to receive 1,000 times the amount received per share of Common Stock. Preferred Stock will not be redeemable. Because of the nature of the Preferred Stock's dividend, liquidation and voting rights, the value of one one-thousandth of a share of Preferred Stock purchasable upon exercise of each Right should approximate the value of one share of Common Stock.

Anti-Dilution Provisions. The Purchase Price payable, and the number of shares of Preferred Stock or other securities or property issuable, upon exercise of the Rights are subject to adjustment from time to time to prevent dilution (i) in the event of a stock dividend on, or a subdivision, combination or reclassification of the Preferred Stock, (ii) upon the grant to holders of the Preferred Stock of certain rights or warrants to subscribe for or purchase Preferred Stock or convertible securities at less than the current market price of the Preferred Stock or (iii) upon the distribution to holders of the Preferred Stock of evidences of indebtedness, cash, securities or assets (excluding regular periodic cash dividends at a rate not in excess of 125% of the rate of the last regular periodic cash dividend theretofore paid or, in case regular periodic cash dividends have not theretofore been paid, at a rate not in excess of 50% of the average net income per share of the Company for the four quarters ended immediately prior to the payment of such dividend, or dividends payable in Preferred Stock (which dividends will be subject to the adjustment described in clause (i) above)) or of subscription rights or warrants (other than those referred to above).

Amendments. For so long as the Rights are then redeemable, the Company may in its sole and absolute discretion supplement or amend any provision of the Rights Plan in any respect without the approval of any holders of Rights or Common Stock. From and after the time that the Rights are no longer redeemable, the Company may from time to time supplement or amend the Rights Plan without the approval of any holders of Rights (i) to cure any ambiguity or to correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions herein or (ii) to make any other changes or provisions in regard to matters or questions arising hereunder which the Company may deem necessary or desirable, including but not limited to extending the final expiration date of the Rights; provided, however, that no such supplement or amendment shall adversely affect the interests of the holders of Rights as such (other than an Acquiring Person or an affiliate or associate of an Acquiring Person), and no such supplement or amendment may cause the Rights again to become redeemable or cause the Rights Plan again to become amendable as to an Acquiring Person or an affiliate or associate of an Acquiring Person other than in accordance with this sentence; provided further, that the right of the Board to extend the Distribution Date shall not require any amendment or supplement hereunder.

Anti-Takeover Effects. While intended to reduce the risk of an "ownership change" within the meaning of Section 382, and thereby preserve the current ability of the Company to utilize NOLs, the Rights could have certain anti-takeover effects. The Rights will cause substantial dilution to a person or group who becomes an Acquiring Person on terms not approved by the Board. The Rights should not interfere with any merger or other business combination approved by the Board since the Board may exempt such merger or business combination from the Rights Plan. In addition, the Rights may be redeemed by the Company at $.001 per Right at any time prior to the close of business on the tenth business day after there has been a public announcement, or resolution of the Board confirming, that a person or group has become an Acquiring Person.

Description of TDW Equity Warrants

The following summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the terms and conditions of the warrant agreement, dated July 31, 2017, between Tidewater and the warrant agent (the "TDW Equity Warrant Agreement") and the applicable provisions of our charter, both of which are incorporated by reference as exhibits to the Annual Report on Form 10-K of which this Exhibit is a part. We encourage you to read the TDW Equity Warrant Agreement and our charter for additional information.

Warrant Agreement and Warrant Agent. The TDW Equity Warrants were issued under, and are subject to the terms and conditions of, the TDW Equity Warrant Agreement. Computershare Inc. and Computershare Trust Company, N.A. together serve as warrant agent for the TDW Equity Warrants.

Exercise Terms. The TDW Equity Warrants have six-year terms and are exercisable through July 31, 2023. Each TDW Equity Warrant represents the right to purchase one share of our Common Stock at the applicable exercise price (for Series A Warrants, $57.06 per share; for Series B Warrants, $62.28 per share), subject to adjustment as described in greater detail below under "Adjustments." Any exercise of TDW Equity Warrants is subject to the restrictions in our charter that limit exercise of warrants where such exercise would cause the total number of shares of Common Stock held by non-U.S. citizens to exceed 24% of our outstanding Common Stock, as described in greater detail below under "Conversion to Jones Act Warrant."

Expiration. All unexercised TDW Equity Warrants will expire, and the rights of the holders of TDW Equity Warrants to purchase shares of Common Stock will terminate on, the first to occur of (i) the close of business on July 31, 2023, or (ii) upon their earlier exercise or settlement in accordance with the terms of the TDW Equity Warrant Agreement.

No Rights as Stockholders Before Exercise. A holder of TDW Equity Warrants, by virtue of holding, or having a beneficial interest in, such warrants, will not have the right to vote, to consent, to receive any cash dividends, stock dividends, allotments or rights or other distributions paid, allotted or distributed or distributable to the holders of shares of Common Stock, or to exercise any rights whatsoever as a stockholder of Tidewater unless, until and only to the extent such persons become holders of record of shares of Common Stock issued upon settlement of the TDW Equity Warrants.

Conversion to Jones Act Warrant. As noted under "Description of Common Stock – Limitations on Ownership by Non-U.S. Citizens," to ensure compliance with the Jones Act, our charter limits our aggregate ownership by non-U.S. citizens to not more than 24% of our outstanding Common Stock. If, at any time during the 180-day period ending on the expiration of the TDW Equity Warrants, the exercise of the TDW Equity Warrants would be prohibited because of the Jones Act limitations on ownership by non-U.S. citizens, a holder of TDW Equity Warrants that is a non-U.S. Citizen and has exercised such warrant (including the payment of the exercise price) will receive from us, in lieu of shares of Common Stock, an equivalent number of new warrants (the "Jones Act Warrants"). If issued, the Jones Act Warrants would be exercisable at a price of $0.001 per share and have a term that expires on July 31, 2042. These Jones Act Warrants would be issued pursuant to a Jones Act Warrant Agreement that Tidewater and the warrant agent would enter into upon our first issuance of Jones Act Warrants.

Adjustments. The number of shares of Common Stock for which a TDW Equity Warrant is exercisable, and the exercise price per share of such warrant are subject to adjustment from time to time upon the occurrence of certain events, including, among other things: (i) the issuance of shares of Common Stock as a dividend or distribution to all holders of shares of Common Stock, or a subdivision, combination, or other reclassification of the outstanding shares of Common Stock into a greater or smaller number of shares of Common Stock; (ii) the issuance as a dividend or distribution to all holders of shares of Common Stock of evidences of indebtedness or assets (excluding cash distributions of dividends from earnings); and (iii) the payment in respect of a tender offer or exchange offer by the company for shares of Common Stock, where the exercise price or warrant shares issuable would result in an increase or decrease of at least one percent, provided, that any adjustments which are not required to be made are required to be carried forward and taken into account in any subsequent adjustments.

Third Party Mergers or Consolidations. In the event of a merger or consolidation of Tidewater in which stock or non-cash consideration of the acquiring entity is more than 50% of the merger consideration, the TDW Equity Warrants will remain outstanding, with the holders having the right thereafter to exercise the TDW Equity Warrants for the duration of their term to acquire the merger consideration into which a share of Common Stock was converted in the transaction.

Reorganization Event. Upon the occurrence of a reorganization event (as defined in the TDW Equity Warrant Agreement), holders of TDW Equity Warrants will have the right to receive, upon exercise of such warrant, the kind and amount of shares of stock, other securities or other property or assets (including cash or any combination thereof) that a holder of one share of Common Stock would have owned or been entitled to receive in connection with such reorganization event.

Cashless Exercise. The TDW Equity Warrants permit a holder to elect to exercise the TDW Equity Warrant such that no payment of cash will be required in connection with such exercise. If a cashless exercise is elected, we will deliver, without any cash payment therefor, a reduced number of shares of Common Stock equal to the value (as of the exercise date for such TDW Equity Warrant) of the aggregate exercise price which would otherwise be payable in cash for all of the shares of Common Stock for which such TDW Equity Warrants are being exercised, divided by the market price of a share of Common Stock determined as of the business day immediately preceding the day the warrant exercise notice is delivered to the warrant agent.

Listing. The TDW Equity Warrants are listed on the New York Stock Exchange under the symbols "TDW.WS.A" (Series A Warrants) and "TDW.WS.B" (Series B Warrants).

Description of Legacy GLF Equity Warrants

The following summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the terms and conditions of a warrant agreement, dated November 14, 2017, between GulfMark and the warrant agent, which was amended and assumed by Tidewater pursuant to an Assignment, Assumption, and Amendment Agreement dated November 15, 2018 (as amended, the "Legacy GLF Equity Warrant Agreement") and the applicable provisions of our charter, both of which are incorporated by reference as exhibits to the Annual Report on Form 10-K of which this Exhibit is a part. We encourage you to read the Legacy GLF Equity Warrant Agreement and our charter for additional information.

Warrant Agreement and Warrant Agent. The Legacy GLF Equity Warrants were issued under, and are subject to the terms and conditions of, the Legacy GLF Equity Warrant Agreement. American Stock Transfer & Trust Company, LLC serves as warrant agent for the Legacy GLF Equity Warrants.

Exercise Terms. The Legacy GLF Equity Warrants have seven-year terms and are exercisable through November 14, 2024. Each Legacy GLF Equity Warrant represents the right to purchase 1.100 shares of Common Stock for an exercise price of $100 per share, subject to adjustment as described in greater detail below under "Adjustments," and all other terms and conditions of the Legacy GLF Equity Warrant Agreement. These terms and conditions include limitations on foreign ownership as set forth in our charter that are intended to comply with the Jones Act (for more information, see "Description of Common Stock – Limitations on Ownership by Non-U.S. Citizens"). Specifically, during the term of the GLF Equity Warrants, any non-U.S. citizen holders are prohibited from converting their GLF Equity Warrants into shares of Common Stock so long as certain other warrants originally issued by GulfMark and assumed by us in the business combination are outstanding and held by non-U.S. citizens. In addition, non-U.S. citizen holders may not exercise their warrants to the extent that such exercise would cause the aggregate ownership by non-U.S. citizens to exceed 24% of our outstanding Common Stock.

Expiration. All unexercised Legacy GLF Equity Warrants will expire, and the rights of the holders of Legacy GLF Equity Warrants to purchase shares of Common Stock will terminate on, the first to occur of (i) the close of business on November 14, 2024 or (ii) upon their earlier exercise or settlement in accordance with the terms of the Legacy GLF Equity Warrant Agreement.

No Rights as Stockholders Before Exercise. A holder of Legacy GLF Equity Warrants, by virtue of holding, or having a beneficial interest in, such warrants, will not have the right to vote, to consent, to receive any cash dividends, stock dividends, allotments or rights or other distributions paid, allotted or distributed or distributable to the holders of shares of Common Stock, or to exercise any rights whatsoever as a stockholder of Tidewater unless, until and only to the extent such persons become holders of record of shares of Common Stock issued upon settlement of the Legacy GLF Equity Warrants.

Adjustments. The number of shares of Common Stock for which a Legacy GLF Equity Warrant is exercisable, and the exercise price per share of such warrant are subject to adjustment from time to time pursuant to the terms and conditions of the Legacy GLF Equity Warrant Agreement upon the occurrence of certain events, including the issuance of a stock dividend to all holders of Common Stock, a subdivision, a combination or other reclassification of Common Stock.

Reorganization Event. Upon the occurrence of a merger, consolidation, recapitalization, reclassification, reorganization or business combination with another person or entity, each holder of Legacy GLF Equity Warrants will have the right to receive, upon the exercise of such warrant, an amount of securities, cash or other property received in connection with such event with respect to or in exchange for the number of shares of Common Stock for which such Legacy GLF Equity Warrant is exercisable immediately prior to such event.

Cashless Exercise. The Legacy GLF Equity Warrants generally only permit holders to exercise the Legacy GLF Equity Warrants for a cash payment, or, if the underlying shares of Common Stock are listed on a national securities exchange as of the applicable exercise date, pursuant to a cashless exercise, whereby a holder may elect to pay cash to purchase the shares underlying the Legacy GLF Equity Warrant at the then-applicable exercise price. If a holder elects to have a cashless exercise, we will reduce the number of shares of Common Stock issuable pursuant to the exercise of the Legacy GLF Equity Warrants, without any cash payment therefor.

Listing. The Legacy GLF Equity Warrants are listed on the NYSE American under the symbol "TDW.WS."

Certain Anti-Takeover Provisions of our Charter, Bylaws, and Delaware Law

Certain provisions of the DGCL and our charter and bylaws may have an anti-takeover effect and may delay, defer or prevent a merger, acquisition, tender offer, takeover attempt or other change of control transaction or other attempts to influence or replace Tidewater's incumbent directors and officers. These provisions are summarized below.

Section 203 of the DGCL. Section 203 of the DGCL generally prohibits any "business combination," including mergers, sales and leases of assets, issuances of securities and similar transactions, by a corporation or a subsidiary with an "interested stockholder" who beneficially owns 15% or more of a corporation's voting stock, within three years after the person or entity becomes an interested stockholder, unless: (i) the transaction that will cause the person or entity to become an interested stockholder is approved by the board of directors of the corporation prior to the transaction; (ii) after the completion of the transaction in which the person or entity becomes an interested stockholder, the interested stockholder holds at least 85% of the voting stock of the corporation not including shares held by officers and directors of interested stockholders or shares held by specified employee benefit plans; or (iii) after the person or entity becomes an interested stockholder, the business combination is approved by the corporation's board of directors and holders of at least two-thirds of the corporation's outstanding voting stock, excluding shares held by the interested stockholder. Our charter incorporates Section 203 (except for Section 203(b)(4)) and provides that such provisions will govern even if Tidewater does not have a class of voting stock that is (i) listed on a National Securities Exchange, (ii) authorized for quotation on an interdealer quotation system of a registered national securities association or (iii) held of record by more than 2,000 stockholders.

Authorized but Unissued Shares of Common Stock. Our charter authorizes the Board to issue authorized but unissued shares of common stock.

Undesignated Preferred Stock. Our charter provides the Board with the authority to determine and fix the powers, preferences, rights, qualifications, limitations and restrictions of shares of preferred stock issued by the Board.

No Cumulative Voting. Holders of our Common Stock do not have cumulative voting rights in the election of directors.

Requirements for Advance Notification of Stockholder Nominations and Proposals. Our bylaws provide advance notice procedures for stockholders to nominate candidates for election as directors at our annual and special meetings of stockholders and for stockholders seeking to bring business before its annual meeting of stockholders. Our bylaws also specify certain requirements regarding the form and content of a stockholder's notice.

Special Meetings of Stockholders. Our bylaws allow only the Board to call special meetings of stockholders. Our stockholders are not able to call special meetings of stockholders.

Stockholder Action by Written Consent. Our charter provides that any action required or permitted to be taken at a stockholders' meeting may be taken only upon the vote of the stockholders at such meeting and may not be taken by written consent of the stockholders.

Amendments of Certain Provisions of the Charter. Our charter requires the affirmative vote of at least 80% of the voting power of the outstanding shares of

Tidewater’s capital stock, voting together as a single class, to amend, repeal or adopt any provision inconsistent with the provision of its charter prohibiting stockholders acting by written consent.

Amendments of the Bylaws. Our bylaws may only be adopted, amended, or repealed by either a majority of our directors and a majority of Tidewater’s continuing directors, voting as a separate group, or the holders of at least 80% of the total voting power of all stockholders and two-thirds of the total voting power of stockholders, other than any related person, present or duly represented at a stockholders’ meeting voting as a separate group.

Limitations on Ownership by Non-U.S. Citizens. As described under “Description of our Common Stock – Limitations on Ownership by Non-U.S. Citizens,” certain provisions of our charter designed to ensure our compliance with the Jones Act may have an anti-takeover effect.

Exhibit 10.25

FORM OF INCENTIVE AGREEMENT
FOR THE GRANT OF STOCK OPTIONS
UNDER THE
TIDEWATER INC. 2017 STOCK INCENTIVE PLAN

THIS AGREEMENT is entered into as of [_______] (the "Date of Grant") by and between Tidewater Inc., a Delaware corporation ("Tidewater" and, together with its subsidiaries, the "Company"), and [______________] (the "Employee"). Capitalized terms used, but not defined, in this Agreement have the respective meanings provided in the Tidewater Inc. 2017 Stock Incentive Plan (the "Plan").

WHEREAS, the Employee is a key employee of the Company and Tidewater considers it desirable and in its best interest that the Employee be given an added incentive to advance the interests of Tidewater in the form of an option to purchase shares of the common stock of Tidewater, $0.001 par value per share (the "Common Stock") in accordance with the Plan.

NOW, THEREFORE, in consideration of these premises and the mutual promises and covenants contained in this Agreement, it is agreed by and between the parties as follows:

ARTICLE I
STOCK OPTIONS

1.1 Grant of Options. Effective on the Date of Grant, Tidewater hereby grants to the Employee the right, privilege, and option to purchase a total number of _______ shares of Common Stock (the "Option") at a price of $[____] per share (the "Exercise Price"), which represents [____]% of the Fair Market Value of a share of Common Stock on the Date of Grant. The Option is a non-qualified stock option and will vest and be exercisable at the times specified in Section 1.2 below.

1.2 Time of Exercise.

(a) The Option will vest in [____] equal installments on [____], provided that, except as provided in Section 1.3, the Employee remains employed by the Company on the applicable vesting date.

(b) The Option will terminate ten years following the Date of Grant and may terminate earlier as provided in the Plan or Section 1.3 of this Agreement.

1.3 Effect of Termination of Employment or a Change of Control.

(a) Upon the Employee's death or termination of employment due to disability (as determined by the Committee in accordance with Section 409A of the Code, his "Disability"): (i) any unvested portion of the Option will immediately vest in full and (ii) the entire unexercised portion of the Option may be exercised within two years from the date of the Employee's termination of employment, but in no event later than ten years after the Date of Grant.

(b) Except as otherwise provided in this Section 1.3 or as otherwise determined by the Committee in its sole discretion, termination of the Employee's employment with the Company will result in the forfeiture of any portion of the Option that is unvested as of the date of termination of employment. Any portion of the Option that was vested but unexercised as of the date of termination of employment may be exercised within 90 days following termination of employment, but in no event later than ten years after the Date of Grant.

1.4 Method of Exercise of Option.

(a) The Employee may exercise all or a portion of the Option by delivering to the Company a written notice of his intent to exercise the Option, which specifies the number of shares of Common Stock to be purchased. Upon receiving such notice, and as soon as reasonably practicable after the Company has received full payment of the aggregate Exercise Price due in accordance with the Plan, including as provided in Section 1.4(b) below, the appropriate officer of the Company will cause the number of shares of Common Stock which the Employee has purchased to be transferred to the Employee or his nominee via book entry.

(b) As permitted by Plan, the Committee has authorized the use of the net exercise procedure described in the Plan for the exercise of the Option.

(c) During the Employee's lifetime, the Option may be exercised only by the Employee or, in the event of the Employee's Disability, by the Employee's legal representative. Following the Employee's death, the Option may be exercised by the Employee's estate or by the person to whom such right devolves from him by reason of the Employee's death. In all cases, any party other than the Employee who seeks to exercise the Option must provide legal proof satisfactory to the Company of his or her right to do so.

1.5 Automatic Exercise of Option Prior to Expiration. Notwithstanding any other provision of the Plan or this Agreement, on the last trading day prior to the day on which the Option is scheduled to terminate pursuant to the Plan or this Agreement, any portion of the Option that is vested, unexercised, and outstanding on such date (any such portion, the "Eligible NQSO") will be automatically exercised, but only if the Exercise Price is less than the Fair Market Value of a share of Common Stock on such date and the automatic exercise will result in the issuance of at least one whole share of Common Stock to the Employee after payment of the aggregate Exercise Price and any applicable tax withholding (together, the "Exercise Cost"). Payment of the Exercise Cost will be made by a net settlement of the Eligible NQSO whereby the number of shares of Common Stock to be issued upon exercise is reduced by a number of shares having a Fair Market Value on the date of exercise equal to the Exercise Cost.

1.6 Non-Transferability. The Option may not be transferred, assigned, pledged, hypothecated, or otherwise encumbered by the Employee in any manner, by operation of law or otherwise, other than by will, by the laws of descent and distribution, or pursuant to a domestic relations order as defined in the Code, and will not be subject to execution, attachment, or similar process.

ARTICLE II
RECOVERY RIGHT OF TIDEWATER

Tidewater has the right to recover the Option or shares of Common Stock acquired upon the exercise of the Option (collectively, for purposes of this Article II, the "Award"), if (a) the grant, vesting, or value of such Award was based on the achievement of financial results that were subsequently the subject of a restatement; (b) the Employee is subject to Tidewater's Executive Compensation Recovery Policy; (c) the Employee engaged in intentional misconduct that caused or partially caused the need for such restatement; and (d) the effect of the restatement was to decrease the financial results such that the Award would not have been earned or would have had a lesser value. The Employee accepts the Award subject to such recovery rights of Tidewater and in the event Tidewater exercises such rights, the Employee agrees to promptly return the Award to Tidewater upon demand. If the Employee no longer holds the Award at the time of demand by Tidewater, the Employee agrees to pay to Tidewater, without interest, all cash, securities, or other assets received by the Employee upon the sale or transfer of such Award. Tidewater may, if it chooses, effect such recovery by withholding from other amounts due to the Employee by the Company.

ARTICLE III
WITHHOLDING TAXES

Notwithstanding Section 13(b) of the Plan, if the Employee is subject to Section 16 of the 1934 Act, the Committee may not disapprove of the Employee's right to make an Election with respect to the RSUs as provided in Section 13(a) of the Plan. At any time that the Employee is required to pay to the Company an amount required to be withheld under applicable income tax laws in connection with the exercise of an Option, unless the Employee has previously provided the Company with payment of all applicable withholding taxes, Tidewater will withhold, from the shares of Common Stock to be issued upon exercise of the Option, shares with a value equal to the maximum statutory amount required to be withheld. As provided in the Plan, the value of the shares to be withheld will be based on the Fair Market Value of the Common Stock on the Tax Date.

ARTICLE IV
NO CONTRACT OF EMPLOYMENT INTENDED

Nothing in this Agreement will confer upon the Employee any right to continue in the employment of the Company, or to interfere in any way with the right of the Company to terminate the Employee's employment relationship with the Company at any time.

ARTICLE V
RESTRICTIVE COVENANTS

5.1 Non-Disclosure of Confidential Information. The Employee agrees to hold in a fiduciary capacity and for the benefit of the Company all Confidential Information that will have been obtained by the Employee during his employment (whether prior to or after the Date of Grant) and will use such Confidential Information solely in the good-faith performance of his duties for the Company. During his employment and after his termination of employment, the Employee agrees (a) not to communicate or make available to any person or entity (other than the Company) any such Confidential Information, except upon the prior written authorization of the Company or as may be required by law or legal process, and (b) to deliver promptly to the Company upon its written request any Confidential Information in his possession. In the event that the provisions of any applicable law or the order of any court would require the Employee to disclose or otherwise make available any Confidential Information to a governmental authority or to any other third party, the Employee agrees to give the Company, unless it is unlawful to do so, prompt prior written notice of such required disclosure and, if possible given the terms of any production order of the judicial governmental or administrative body, an opportunity to contest the requirement of such disclosure or apply for a protective order with respect to such Confidential Information by appropriate proceedings. Notwithstanding the foregoing, the Employee understands that nothing contained in this Agreement limits his ability: (x) to file a charge or complaint with any federal, state, or local governmental agency or commission ("Government Agencies"); (y) to communicate with any Government Agency or otherwise participate in any investigation or proceeding conducted by any Government Agency, without notice to the Company; or (z) to receive an award for information provided to any Government Agency.

5.2 Covenant Not to Compete. During the Employee's term of employment and any Non-Compete Period (as defined below), the Employee agrees that he will not engage in competitive activities within any jurisdiction, whether in the United States or internationally, in which the Company carries on a like line of business (collectively, the "Restricted Area"), as follows:

(a) The Employee will not, directly or indirectly, for himself or others or in association with any other person, own, manage, operate, control, be employed in an executive, managerial, or supervisory capacity by, or otherwise engage or participate in, or allow his skill, knowledge, experience or reputation to be used in connection with, the ownership, management, operation, or control of any company or other business enterprise that is competitive with any business in which the Company is engaged from time to time (the "Business") within any of the Restricted Area; provided, however, that nothing contained in this Agreement prohibits the Employee from making passive investments as long as the Employee does not beneficially own more than 1% of the equity interests of a publicly traded business enterprise engaged in the Business within any of the Restricted Area. For purposes of this paragraph, "beneficially own" has the same meaning ascribed to that term in Rule 13d-3 promulgated under the 1934 Act.

(b) The Employee will not, directly or indirectly, for himself or others or in association with any other person, solicit any customer of the Business or of the Company, or otherwise interfere, induce, or attempt to induce any customer, supplier, licensee, or business relation of the Company for the purpose of soliciting, diverting, interfering, or enticing away the business of such customer, supplier, licensee, or business relation, or otherwise disrupting any previously established relationship existing between such customer, supplier, licensee, or business relation and the Company.

(c) In the event that the Employee's employment ends prior to the third anniversary of the Date of Grant and vesting of any portion of the Option granted under this Agreement is accelerated, the Employee agrees to continue to abide by the provisions of this Section 5.2 through the earlier to occur of the third anniversary of the Date of Grant or the first anniversary of his termination of employment (such period, the "Non-Compete Period").

(d) Without limiting Article X, the Employee and Tidewater acknowledge that the Company is a company with extensive worldwide and offshore operations and it is their intent that the non-competition contained in this Section 5.2 be given as broad a geographic effect as is lawful. Accordingly, it is the parties' intent that this Section 5.2 be given effect throughout the United States and worldwide, to the extent that the Employee would seek to provide prohibited services to a company in competition with the Company in any of the jurisdictions in which it operates. To the extent that a court of relevant jurisdiction determines the geographic scope set forth in this Section 5.2 to be overbroad, the Employee and Tidewater hereby consent to such modification as the court may order such that the broadest possible geographic footprint of the non-competition covenant is enforceable.

5.3 Non-Solicitation. During the Employee's term of employment and for one year thereafter (the "Restricted Period"), the Employee agrees that he will not, directly or indirectly, for himself or others or in association with any other person, make contact with any of the employees or independent contractors of the Company for the purpose of soliciting such employee or independent contractor for hire, whether as an employee or independent contractor, or for the purpose of inducing such person to leave the employ of the Company or cease providing services to the Company, or otherwise to disrupt the relationship of such person with the Company. In addition, during the Restricted Period, the Employee will not hire, on behalf of himself or any company engaged in the Business, any employee of the Company, whether or not such engagement is solicited by the Employee.

5.4 Injunctive Relief; Other Remedies. The Employee acknowledges that a breach or threatened breach by the Employee of this Section 5 would cause immediate and irreparable harm to the Company not fully compensable by money damages or the exact amount of which would be difficult to ascertain, and therefore the Company will not have an adequate monetary remedy at law. Accordingly, the Employee agrees that, in the event of a breach or threatened breach by the Employee of the provisions of this Section 5, the Company will be entitled to injunctive relief to prevent or curtail any such breach of threatened breach without the necessity of posting any bond or security or showing proof of actual damage or irreparable injury. Nothing in this Agreement will be construed as prohibiting the Company from pursuing any other remedy at law or in equity to which the Company may be entitled under applicable law in the event of a breach or threatened breach of this Agreement by the Employee, including, without limitation, the recovery of damages, costs, and expenses, such as reasonable attorneys' fees, incurred by the Company as a result of any such breach or threatened breach. Nothing contained in this Agreement will be deemed to impair the Employee's right to indemnification pursuant to (a) Tidewater's certificate of incorporation or by-laws, (b) any Company insurance policy, (c) any indemnification agreement Employee may have with the Company, or (d) any policy, plan, or program maintained or sponsored by the Company.

5.5 Employee's Understanding of this Section 5. The Employee acknowledges that the definition of Business, as well as the geographic and temporal scope of the covenants contained in this Section 5 are the result of arm's-length bargaining and are fair and reasonable in light of (a) the importance of the functions performed by the Employee, (b) the nature and wide geographic scope of the operations of the Company, and (c) the Employee's level of control over and contact with the business and operations of the Company.

ARTICLE VI
BINDING EFFECT

This Agreement will inure to the benefit of and be binding upon Tidewater and the Employee and their respective heirs, executors, administrators and successors.

ARTICLE VII
AMENDMENT, MODIFICATION, AND TERMINATION

The Committee may amend, modify or terminate the Option at any time prior to exercise in any manner not inconsistent with the terms of the Plan. Notwithstanding the foregoing, no amendment, modification or termination may materially impair the rights of an Employee under this Agreement without the consent of the Employee.

ARTICLE VIII
INCONSISTENT PROVISIONS

The Option is subject to the provisions of the Plan, as in effect on the date of this Agreement and as it may be amended. In the event any provision of this Agreement conflicts with such a provision of the Plan, the Plan provision will control. The Employee acknowledges that a copy of the Plan was distributed to the Employee and that the Employee was advised to review such Plan prior to entering into this Agreement. The Employee waives the right to claim that the provisions of the Plan are not binding upon the Employee and the Employee's heirs, executors, administrators, legal representatives and successors.

ARTICLE IX
GOVERNING LAW

This Agreement will be governed by and construed in accordance with the laws of the State of Texas.

ARTICLE X
SEVERABILITY

If any term or provision of this Agreement, or the application thereof to any person or circumstance, will at any time or to any extent be invalid, illegal or unenforceable in any respect as written, the Employee and Tidewater intend for any court construing this Agreement to modify or limit such provision so as to render it valid and enforceable to the fullest extent allowed by law. Any such provision that is not susceptible of such reformation will be ignored so as to not affect any other term or provision hereof, and the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid, illegal or unenforceable, will not be affected thereby and each term and provision of this Agreement will be valid and enforced to the fullest extent permitted by law.

ARTICLE XI
ELECTRONIC DELIVERY AND EXECUTION OF DOCUMENTS

11.1 The Company may, in its sole discretion, deliver any documents related to the Employee's current or future participation in the Plan or any other equity compensation plan of the Company by electronic means or request Employee's consent to the terms of an award by electronic means. Such documents may include the plan, any grant notice, this Agreement, the plan prospectus, and any reports of Tidewater provided generally to Tidewater's stockholders. In addition, the Employee may deliver any grant notice or award agreement to the Company or to such third party involved in administering the applicable plan as the Company may designate from time to time. By accepting the terms of this Agreement, the Employee also hereby consents to participate in such plans and to execute agreements setting the terms of participation through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

11.2 The Employee acknowledges that the Employee has read Section 11.1 of this Agreement and consents to the electronic delivery and electronic execution of plan documents as described in Section 11.1. The Employee acknowledges that he may receive from the Company a paper copy of any documents delivered electronically at no cost to the Employee by contacting the Company by telephone or in writing.

ARTICLE XII
NOTICE

Tidewater's address for receipt of notices related to this Agreement is its principal executive offices as disclosed in its filings with the Securities and Exchange Commission, addressed to the Office of General Counsel. All notices to the Employee will be delivered to the Employee's most recent address as provided to the Company's human resources department.

ARTICLE XIII
ENTIRE AGREEMENT; MODIFICATION

The Plan and this Agreement (including the Term Sheet) constitute the entire agreement between the parties with respect to the subject matter contained in this Agreement. This Agreement may not be modified without the approval of the Committee and the Employee, except as provided in the Plan, as it may be amended from time to time in the manner provided in the Plan, or in this Agreement, as it may be amended from time to time. Any oral or written agreements, representations, warranties, written inducements, or other communications with respect to the subject matter contained in this Agreement made prior to the execution of this Agreement will be void and ineffective for all purposes.

* * * * * * * * * * * * *

By clicking the "*Accept*" button, the Employee represents that he is familiar with the terms and provisions of the Plan, and hereby accepts this Agreement subject to all of the terms and provisions thereof. The Employee has reviewed the Plan, this Agreement, and the prospectus in their entirety and fully understands all provisions of this Agreement. The Employee agrees to accept as binding, conclusive, and final all decisions or interpretations of the Committee upon any questions arising under the Plan or this Agreement.

PLEASE PRINT AND KEEP A COPY FOR YOUR RECORDS

Exhibit 21

List of Tidewater Inc. Subsidiaries as of December 31, 2020

	Name of Subsidiary or Organization	State of Country of Incorporation	Percentage of Voting Securities Owned
1	3291361 Nova Scotia ULC	Canada	100%
2	Al Wasl Marine LLC	Dubai	49%
3	Antilles Marine Service Limited	Trinidad and Tobago	50%
4	Arabia Shipping Limited	Cayman Islands	100%
5	Arrendadora de Naves del Golfo, S.A. de C.V., SOFOM, ENR	Mexico	100%
6	Chalvoyage (M) Sdn. Bhd.	Malaysia	49%
7	Compania Marítima de Magallanes Limitada	Chile	100%
8	Divetide Limited	Thailand	49%
9	DTDW Holdings Limited	Cyprus	40%
10	DTDW Marine Services B.V.	Netherlands	40%
11	Equipo Mara, C.A.	Venezuela	19.90%
12	Global Panama Marine Service, Inc	Panama	100%
13	GM Offshore, Inc.	Delaware	100%
14	GOMI Holdings, Inc.	Delaware	100%
15	Gorgon NewCo, LLC	Delware	100%
16	Gulf Channel Offshore Servicos LDA	Angola	49%
17	Gulf Fleet Abu Dhabi	Abu Dhabi	49%
18	Gulf Fleet Middle East Limited	Cayman Islands	100%
19	Gulf Fleet N.V.	Netherlands Antilles	100%
20	Gulf Fleet Supply Vessels, L.L.C.	Louisiana	100%
21	Gulf Offshore Marine International, S. de R.L.	Panama	100%
22	GulfMark Americas, Inc.	Delaware	100%
23	GulfMark Asia Pte. Ltd.	Singapore	100%
24	GulfMark Capital, LLC	Delaware	100%
25	GulfMark de Mexico, S. de R.L. de C.V.	Mexico	100%
26	GulfMark Foreign Investments LLC	Delaware	100%
27	GulfMark Guernsey International Limited	Guernsey	100%
28	GulfMark Malaysia Inc.	Malaysia	100%
29	GulfMark Malaysia Sdn. Bhd.	Malaysia	49%
30	GulfMark Malta Ltd.	Malta	100%
31	GulfMark Management, Inc.	Delaware	100%
32	GulfMark Marine Trinidad Limited	Trinidad & Tobago	49%
33	GulfMark Maritime S. de R.L. de C.V.	Mexico	100%
34	GulfMark North Sea Limited	United Kingdom	100%
35	GulfMark Oceans, L.P.	Cayman Islands	100%
36	GulfMark Resources, LLC	Delaware	100%
37	GulfMark Servicios de Mexico, S. de R.L. de C.V.	Mexico	49%
38	GulfMark Servicos Maritimos do Brasil Limitada	Brazil	100%
39	GulfMark Shipping, LLC	Delaware	100%
40	GulfMark Thailand, LLC	Delaware	100%
41	GulfMark UK International Limited	United Kingdom	100%
42	Hilliard Oil & Gas, Inc.	Nevada	100%
43	Indigo Fleet Limited	Cayman Islands	100%
44	International Maritime Services, Inc	Cayman Islands	100%
45	Java Boat Corporation	Louisiana	100%

46	Java Boat Corporation B.V.	Netherlands	100%
47	JB Holding Company B.V.	Netherlands	100%
48	Logistica Mexicana del Caribe, S. de R.L. de C.V.	Mexico	100%
49	Mare Alta do Brasil Navegacao Ltda.	Brazil	100%
50	Mashhor Marine Sdn. Bhd.	Brunei	70%
51	Middle East Ships Limited	Cayman Islands	100%
52	Navegadores Servicos de Apoio Maritimo Ltda.	Brazil	100%
53	Naviera Tidex, S. de R.L. de C.V	Mexico	49%
54	Niugini Offshore Services Joint Venture	Papua New Guinea	40%
55	O.I.L. (Nigeria) Limited	Nigeria	82.10%
56	Offshore Labuan Leasing Inc.	Labuan	100%
57	Offshore Marine Inc	Labuan	49%
58	Pacific Tidewater Pty. Ltd.	Australia	100%
59	Pan Marine do Brasil Ltda.	Brazil	100%
60	Pan Marine International Dutch Holdings, L.L.C.	Louisiana	100%
61	Pan Marine International, Inc.	Cayman Islands	100%
62	Pental Insurance Co. Ltd.	Bermuda	100%
63	Point Marine, L.L.C.	Louisiana	100%
64	Purple Fleet Limited	Cayman Islands	100%
65	Quality Shipyards, L.L.C.	Louisiana	100%
66	S.O.P., Inc.	Louisiana	100%
67	SEA Maritime Services Pte. Ltd.	Singapore	100%
68	Semaring Enterprise Sdn. Bhd.	Malaysia	51%
69	Semaring Logistics (M) Sdn. Bhd.	Malaysia	49%
70	Servicios Costa Afuera de Mexico, S. de R.L. de C.V	Mexico	100%
71	Sonatide Marine Services, Ltd.	Cayman Islands	49%
72	Sonatide Marine, Ltd.	Cayman Islands	49%
73	Southern Ocean Services Pte. Ltd.	Singapore	100%
74	Tide States Vessels, L.L.C.	Louisiana	100%
75	Tide States, L.L.C.	Louisiana	100%
76	Tideflo Marine Services Limited	Nigeria	40%
77	Tidewater (India) Private Limited	India	100%
78	Tidewater Al Rushaid Co. Ltd.	Saudi Arabia	50%
79	Tidewater Caribe, C.A.	Venezuela	100%
80	Tidewater Corporate Services, L.L.C	Delaware	100%
81	Tidewater Crewing Guernsey Ltd.	Guernsey	100%
82	Tidewater Crewing Limited	Cayman Islands	100%
83	Tidewater Cyprus Limited	Cyprus	100%
84	Tidewater de Mexico, S. de R.L. de C.V.	Mexico	49%
85	Tidewater Dutch Holdings Cooperatief U.A.	Netherlands	100%
86	Tidewater GOM, Inc.	Louisiana	100%
87	Tidewater GOM Limited	Cayman Islands	100%
88	Tidewater Investment Cooperatief U.A	Netherlands	100%
89	Tidewater Investment SRL	Barbados	100%
90	Tidewater Marine AS	Norway	100%
91	Tidewater Marine Australia Pty Ltd	Australia	100%
92	Tidewater Marine Charter Services Pte. Ltd.	Singapore	100%
93	Tidewater Marine Fleet, L.L.C.	Louisiana	100%
94	Tidewater Marine Gabon S.A.	Gabon	100%

95	Tidewater Marine Hulls, L.L.C.	Louisiana	100%
96	Tidewater Marine Indonesia Limited	Vanuatu	100%
97	Tidewater Marine International Dutch Holdings, L.L.C.	Louisiana	100%
98	Tidewater Marine International Pte. Ltd.	Singapore	100%
99	Tidewater Marine International, Inc.	Cayman Islands	100%
100	Tidewater Marine Sakhalin, L.L.C.	Louisiana	100%
101	Tidewater Marine Service (M) Sdn. Bhd.	Malaysia	100%
102	Tidewater Marine Ships, L.L.C.	Louisiana	100%
103	Tidewater Marine Technical Services (Shenzhen) Co., Ltd	China	100%
104	Tidewater Marine UK Ltd.	United Kingdom	100%
105	Tidewater Marine Vanuatu Limited	Vanuatu	100%
106	Tidewater Marine Vessels, L.L.C.	Louisiana	100%
107	Tidewater Marine West Indies Limited	Bahamas	100%
108	Tidewater Marine Western, L.L.C.	Delaware	100%
109	Tidewater Marine, L.L.C.	Louisiana	100%
110	Tidewater Mexico Holding, L.L.C	Delaware	100%
111	Tidewater Norge AS	Norway	100%
112	Tidewater Offshore Sdn Bhd	Malaysia	49%
113	Tidewater Personnel UK LTD	United Kingdom	100%
114	Tidewater Rederi AS	Norway	100%
115	Tidewater Subsea ROV, L.L.C.	Louisiana	100%
116	Tidewater Subsea, L.L.C.	Louisiana	100%
117	Tidewater Support Services Limited	England	100%
118	Tidewater Venture, Inc	Delaware	100%
119	Tidex Nigeria Limited	Nigeria	60%
120	Troms Offshore Fleet Holding AS	Norway	100%
121	Troms Offshore Management AS	Norway	100%
122	Troms Offshore Supply AS	Norway	100%
123	Twenty Grand (Brazil), L.L.C	Louisiana	100%
124	Twenty Grand Marine Service, L.L.C.	Louisiana	100%
125	Vesselogistics Limited	Cyprus	100%
126	VTG Ships Limited	Cayman Islands	100%
127	VTG Supply Boat Liberia Inc.	Liberia	100%
128	Zapata Gulf Marine L.L.C.	Louisiana	100%
129	Zapata Marine Service (Nigeria) Limited	Nigeria	100%

NOTE: The Company has elected to exclude certain subsidiaries that do not constitute a “Significant Subsidiary” as set forth in Section 601(b)(21) of Regulation S-K.

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-228029 and 333-234686 on Form S-3 and Registration Statement Nos. 333-219793, 333-228401 and 333-227111, on Form S-8 of our reports dated March 4, 2021, relating to the financial statements of Tidewater Inc. and the effectiveness of Tidewater Inc.'s internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended December 31, 2020.

/s/ Deloitte & Touche LLP

Houston, Texas

March 4, 2021

EXHIBIT 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Quintin V. Kneen, certify that:

1. I have reviewed this annual report on Form 10-K of Tidewater Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. As principal executive officer and principal financial officer, I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a - 15(e) and 15d - 15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. As principal executive officer and principal financial officer, I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 4, 2021

/s/ Quintin V. Kneen
Quintin V. Kneen
Chief Executive Officer and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Tidewater Inc. (the "Company") for the year ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Quintin V. Kneen, President, Chief Executive Officer, and Chief Financial Officer, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the company.

Date: March 4, 2021

/s/ Quintin V. Kneen
Quintin V. Kneen
Chief Executive Officer and Chief Financial Officer

A signed original of this written statement has been provided to the company and will be retained by the company and furnished to the Securities and Exchange Commission or its staff upon request.

The certification the registrant furnishes in this exhibit is not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. Registration Statements or other documents filed with the Securities and Exchange Commission shall not incorporate this exhibit by reference, except as otherwise expressly stated.