TIDEWATER INC
Form 10-K
May 26, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended March 31, 2016

o 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	72-048776
(State of incorporation)	(I.R.S. Employer Identification No.)
601 Poydras St., Suite 1500	
New Orleans, Louisiana	70130
(Address of principal executive offices)	(Zip Code)

Registrant’s telephone number, including area code: (504) 568-1010

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

Title of each class	Name of each exchange on which registered
Common Stock, par value $0.10	New York Stock Exchange

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 x

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

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 x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

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

Large accelerated filer	x	Accelerated filer	o
Non-accelerated filer	o	Smaller reporting company	o

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

As of September 30, 2015, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was $612,316,523 based on the closing sales price as reported on the New York Stock Exchange of $13.14.

As of May 13, 2016, 47,067,715 shares of the registrant's common stock $0.10 par value per share were outstanding. Registrant has no other class of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive proxy statement for its 2016 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission within 120 days after the end of the Registrant's last fiscal year 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 MARCH 31, 2016

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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 the company’s current view with respect to future events and future financial performance, and all statements other than statements of historical fact. All such forward-looking statements are subject to risks and uncertainties, and the company’s future results of operations could differ materially from its 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, volatility in worldwide energy demand and oil and gas prices, and continuing depressed levels of oil and gas prices; consolidation of our customer base: fleet additions by competitors and industry overcapacity; our views with respect to the need for and timing of the replenishment of our asset base, including through acquisitions or vessel construction; changes in capital spending by customers in the energy industry for offshore exploration, field development and production; 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; delays and other problems associated with vessel construction and maintenance: uncertainty of global financial market conditions and difficulty in accessing credit or capital; potential difficulty in meeting financial covenants in material debt or other obligations of the company or in obtaining covenant relief from lenders or other contract parties; acts of terrorism and piracy; integration of acquired businesses and entry into new lines of business; disagreements with our joint venture partners; 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, or requirements that services provided locally be paid in local currency, in each case especially in higher political risk countries where we operate; 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; and enforcement of laws related to the environment, labor and foreign corrupt practices.

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,” “pl
expressions contained in this Annual Report on Form 10-K, are not guarantees of future performance or events. Any forward-looking statements are based on the company’s assessment of current industry, financial and economic information, which by its nature is dynamic and subject to rapid and possibly abrupt changes, which the company may or may not be able to control. Further, the company may make changes to its business plans that could or will affect its 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, the company may refer to reports published by third parties that purport to describe trends or developments in energy production and drilling and exploration activity. The company does so for the convenience of its investors and potential investors and in an effort to provide information available in the market that will lead to a better understanding of the market environment in which the company operates. The company specifically disclaims any responsibility for the accuracy and completeness of such information and undertakes no obligation to update such information.

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PART I

ITEM 1. BUSINESS

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

About Tidewater

The company's vessels and associated vessel services provide support of all phases of offshore exploration, field development and production. 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, remotely operated vehicle (ROV) operations, and seismic and subsea support; and a variety of specialized services such as pipe and cable laying.

The company has one of the broadest geographic operating footprints in the offshore energy industry with operations in most of the world's significant offshore crude oil and natural gas exploration and production offshore regions. Our global operating footprint allows us to react quickly to changing local market conditions and to respond to the changing requirements of the many customers with which we believe we have strong relationships. The company is also one of the most experienced international operators in the offshore energy industry with over 50 years of international experience.

The company's offshore support vessel fleet includes vessels that are operated under joint ventures, as well as vessels that have been stacked or withdrawn from service. At March 31, 2016, the company owned or chartered (under sale-leaseback agreements) 269 vessels (excluding nine joint venture vessels, but including 77 stacked vessels) and eight ROVs available to serve the global energy industry. Please refer to Note (1) 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.

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

Offices and Facilities

The company's worldwide headquarters and principal executive offices are located at 601 Poydras Street, Suite 1500, New Orleans, Louisiana 70130, and its telephone number is (504) 568-1010. The company's 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; Port of Spain, Trinidad; Aberdeen, Scotland; Amsterdam, Holland; Cairo, Egypt; Luanda and Cabinda, Angola; Lagos and Onne Port, Nigeria; Douala, Cameroon; Singapore; Perth, Australia; Shenzhen, China; Al Khobar, Kingdom of Saudi Arabia; Dubai, United Arab Emirates, and Oslo and Tromso, Norway. The company’s operations generally do not require highly specialized facilities, and suitable facilities are generally available on a lease basis as required.

Business Segments

We manage and measure our business performance in four distinct operating segments that we have established and that are based on our geographical organization: Americas, Asia/Pacific, Middle East/North Africa, and Sub-Saharan Africa/Europe. These segments are consistent with how the company’s chief executive officer, its chief operating decision maker, reviews operating results for the purposes of allocating resources and assessing performance. Our Americas segment includes the activities of our North American operations, which include operations in the U.S. Gulf of Mexico (GOM) and U.S. and Canadian coastal waters of the Pacific and Atlantic oceans, as well as operations offshore Mexico, Trinidad and Brazil. The Asia/Pacific segment includes our Australian and Southeast Asian and Western Pacific operations. Our Middle East/North Africa segment includes our operations in the Mediterranean and Red Seas, the Black Sea, the Arabian Gulf and offshore India. Lastly, our Sub-Saharan Africa/Europe segment includes operations conducted along the East and West Coasts of Africa as well as operations in and around the Caspian Sea, the North Sea and certain other arctic/cold water markets.

Our principal customers in each of these business segments are large, international oil and natural gas exploration, field development and production companies (IOCs); select independent exploration and production (E&P) companies; foreign government-owned or government-controlled organizations and other 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, diving companies and well stimulation companies.

The company’s vessels are dispersed throughout the major offshore crude oil and natural gas exploration, field development and production areas of the world. Although the company considers, among other things, mobilization costs and the availability of suitable vessels in its fleet deployment decisions, and cabotage rules in certain countries occasionally restrict the ability of the company to move vessels between markets, the company’s diverse, mobile asset base and the wide geographic distribution of its vessels generally enable the company to respond relatively quickly to changing market conditions and customer requirements.

Revenues in each of our segments are derived primarily from vessel time charter or similar contracts that are generally three months to four years in duration as determined by customer requirements, and, to a lesser extent, from vessel time charter contracts on a “spot” basis, which is a short-term (one day to three months) agreement 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 the company to recover specific additional costs.

In each of our business segments, and depending on vessel capabilities and availability, our vessels operate in the shallow, intermediate and deepwater offshore markets of the respective regions. In recent years, the deepwater offshore market has been a growing sector in the offshore crude oil and natural gas markets due to technological developments that have made deepwater exploration and development feasible and, if the commodity pricing environment improves, deepwater exploration and development could be a source of potential long-term growth for the company. Deepwater oil and gas 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 costly relative to other onshore and offshore exploration and development. As a result, the recent decrease in crude oil prices has caused, and may continue to cause, many E&P companies to reevaluate their future capital expenditures in regards to deepwater projects.

As of March 31, 2016, there were approximately 70 deepwater offshore rigs under construction, however, there is uncertainty as to how many of those rigs, most of which are expected to enter service within the next two years, will increase the offshore working rig fleet (which was approximately 500 rigs at March 31, 2016, or down approximately 155 rigs over the past 12 months) and how many of those rigs will replace older, less productive drilling units or be unable to secure work at all. The dayrates and the overall utilization of the worldwide deepwater offshore supply vessel fleet, which is also expected to increase in size, will, at least in part, depend upon whether there is an overall net growth in the number of working deepwater rigs.

Please refer to Item 7 of this Annual Report on Form 10-K for a greater discussion of the company's segments, including the macroeconomic environment in which we operate. In addition, please refer to Note (15) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for segment, geographical data and major customer information.

Geographic Areas of Operation

The company's fleet is deployed in the major global offshore oil and gas areas of the world. The principal areas of the company's operations include the U.S. GOM, the Arabian Gulf, the Mediterranean Sea and areas offshore Australia, Brazil, India, Malaysia, Mexico, Norway, the United Kingdom, Thailand, Trinidad, and West and East Africa.

Revenues and operating profit derived from our operations along with total marine assets for our segments for the fiscal years ended March 31 are summarized below:

(In thousands)	2016	2015	2014
Revenues:			
Vessel revenues:			
Americas	$342,995	505,699	410,731
Asia/Pacific	89,045	150,820	154,618
Middle East/North Africa	168,471	205,787	186,524
Sub-Saharan Africa/Europe	354,889	606,052	666,588
Other operating revenues	23,662	27,159	16,642
	$979,062	1,495,517	1,435,103
Vessel operating profit:			
Americas	$52,966	122,988	90,936
Asia/Pacific	(1,687)	11,541	29,044
Middle East/North Africa	27,349	37,258	42,736
Sub-Saharan Africa/Europe	(4,490)	122,169	136,092
	74,138	293,956	298,808
Other operating loss	(4,564)	(8,022)	(1,930)
	69,574	285,934	296,878
Corporate general and administrative expenses	(34,078)	(40,621)	(47,703)
Corporate depreciation	(6,160)	(4,014)	(3,073)
Corporate expenses	(40,238)	(44,635)	(50,776)
Gain on asset dispositions, net	26,037	23,796	21,063
Asset impairments	(117,311)	(14,525)	(9,341)
Goodwill impairment	—	(283,699)	(56,283)
Restructuring charge	(7,586)	(4,052)	—
Operating income (loss)	$(69,524)	(37,181)	201,541
Total marine assets:			
Americas	$1,101,699	1,016,133	1,017,736
Asia/Pacific	514,948	506,265	421,379
Middle East/North Africa	582,281	666,983	613,303
Sub-Saharan Africa/Europe	1,822,682	2,064,010	2,383,507
Other	42,191	49,554	31,545
Total marine assets	$4,063,801	4,302,945	4,467,470

Please refer to Item 7 of this Annual Report on Form 10-K and Note (15) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for further disclosure of segment revenues, operating profits, and total assets by geographical areas in which the company operates.

Our Global Vessel Fleet and Vessel Construction, Acquisition and Replacement Program

Over the last 15 years, the company has maintained a vessel construction, acquisition and replacement program, with the intent of being able to operate in nearly all major oil and gas producing regions of the world by replacing older vessels in the company's fleet with larger, more technologically sophisticated vessels. During that period, the company purchased and/or constructed 287 vessels at a total cost of approximately $4.9 billion (including 39 vessels at a cost of $309.8 million which were subsequently sold in transactions other than sale/lease transactions). Although the company is near the completion of its vessel construction, acquisition and replacement program, at March 31, 2016 the company had an additional 6 vessels under construction for a total cost of approximately $251.4 million. To date, the company has generally funded its vessel programs from its operating cash flows, together with funds provided by four private debt placements of senior unsecured notes and borrowings under bank credit facilities, proceeds from the disposition of (generally older) vessels, and various vessel sale-leaseback arrangements.

The company operates the largest number of new offshore support vessels among its competitors in the industry. The company will continue to carefully consider whether future proposed investments and transactions have the appropriate risk/return-on-investment profile.

The average age of the company's 269 owned or chartered vessels (excluding joint-venture vessels) at March 31, 2016 is approximately 9.8 years. The average age of 248 newer vessels in the fleet (defined as those that have been acquired or constructed since calendar year 2000 as part of the company's new build and acquisition program as discussed below) is approximately 8.2 years. The remaining 21 vessels have an average age of 28.6 years. Of the company's 269 vessels, 104 are deepwater platform supply vessels (PSVs) or deepwater anchor handling towing supply (AHTS) vessels, and 117 vessels are non-deepwater towing-supply vessels, which include both smaller PSVs and smaller AHTS vessels that primarily serve the jackup drilling market. Included within our "other" vessel class are 48 vessels which are primarily crew boats and offshore tugs.

At March 31, 2016, the company had commitments to build six vessels at a number of different shipyards around the world at a total cost, including contract costs and other incidental costs, of approximately $251.4 million. At March 31, 2016, the company had invested approximately $183.9 million in progress payments towards the construction of the six vessels, and the remaining expenditures necessary to complete construction was estimated at $67.5 million. The six vessels under construction at March 31, 2016 are deepwater PSVs ranging between 4,700 and 6,100 deadweight tons of cargo carrying capacity. Scheduled delivery for these newbuild vessels began in April 2016, with delivery of the final vessel expected in May 2017.

The company also disposed of 713 vessels during the fiscal 2000 to fiscal 2016 period. Most of the vessels were sold at prices that exceeded such vessels' carrying values at the time of disposition by the company. In aggregate, proceeds from, and pre-tax gains on, vessel dispositions during this period approximated $795 million and $330 million, respectively.

Further discussions of our vessel construction, acquisition and replacement program, including the various settlement agreements with certain international shipyards related to the construction of vessels and the our capital commitments, scheduled delivery dates and recent vessel sales are disclosed in the "Vessel Count, Dispositions, Acquisitions and Construction Programs" section of Item 7 and Note (12) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

The "Vessel Count, Dispositions, Acquisitions and Construction Programs" section of Item 7 in this Annual Report on Form 10-K also contains a table comparing the actual March 31, 2016 vessel count and the average number of vessels by class and geographic distribution during the three years ended March 31, 2016, 2015 and 2014.

Our Vessel Classifications

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. We disclose our vessel statistical information, including revenue, utilization and average day rates, by vessel class. Listed 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. Tables comparing the average size of the company's marine fleet by class and geographic distribution for the last three fiscal years are included in Item 7 of this Annual Report on Form 10-K.

Deepwater Vessels

Deepwater vessels, in the aggregate, are currently the company's largest contributor to consolidated vessel revenue and vessel operating margin. Included in this vessel class are large PSVs (typically greater than 230-feet and/or with greater than 2,800 tons in dead weight cargo carrying capacity) and large, higher-horsepower 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 vessel 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 vessels also have oil recovery, firefighting, standby rescue and/or other specialized equipment. Our customers have high standards in regards to safety and other operational competencies and capabilities, in part to meet the more stringent regulatory standards, especially in the wake of the 2010 Deepwater Horizon incident.

Our deepwater class of vessel 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 these vessels 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. Included in the specialty vessel category is the company's one multi-purpose platform supply vessel (MPSV). Our MPSV is approximately 311 feet in length, has a 100-ton active heave compensating crane, a moonpool and a helideck and is designed for subsea service and light construction support activities. This vessel is significantly larger in size, more versatile, and more specialized than the PSVs discussed above. The MPSV typically commands a higher day rate because the vessel has more capabilities, and because the vessel has a higher construction cost and higher operating costs.

Towing-Supply Vessels

This is currently the company's largest fleet class by number of 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. 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

The company's "Other" vessels include 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.

Revenue Contribution by Major Classes of Vessels

Revenues from vessel operations were derived from the following classes of vessels in the following percentages:

	Year Ended March 31,		
	2016	2015	2014
Deepwater	55.0%	58.4%	55.2%
Towing-supply	38.0%	34.5%	37.1%
Other	7.0 %	7.1 %	7.7 %

Subsea Services

Historically, the company's subsea services were composed primarily of seismic and subsea vessel support. During fiscal 2014 the company expanded its subsea services capabilities by hiring a dedicated group of employees with substantial ROV and subsea expertise and by purchasing six work-class ROVs. Two additional higher specification work-class ROVs were added to the company's fleet in fiscal 2015. Each ROV is capable of being deployed and redeployed worldwide on a variety of vessels and platforms and we began ROV deployment and operations in fiscal 2015. Our expanded subsea services capabilities include services and engineering solutions in all phases of the life of a subsea well, including exploration, construction and installation, and maintenance, repair and inspection. Our equipment and subsea professionals can support subsea operations in water depths of up to 13,000 feet. In connection with the purchase of ROVs, the company has developed a proprietary operations management system customized for the operation of ROVs. Although the offshore exploration and production market is currently depressed, we may continue expanding our subsea services capabilities to meet customer demand. While we are generally curtailing additional investment in subsea services and other growth initiatives given reduced offshore activity levels, further expansion of our subsea services business, if undertaken, may include organic growth through commissioning the construction of additional ROVs or acquisitions of recently built ROVs and/or other ROV owners and operators.

Customers and Contracting

The company’s operations are dependent upon the levels of activity in offshore crude oil and natural gas exploration, field development and production throughout the world, which is affected by trends in global crude oil and natural gas pricing, including expectations of future commodity pricing, which is ultimately influenced by the supply and demand relationship for these natural resources. The activity levels of our customers are also influenced by the cost of exploring for and producing crude oil and natural gas, 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. A discussion of current market conditions and trends appears under “Macroeconomic Environment and Outlook” in Item 7 of this Annual Report on Form 10-K.

The company’s principal customers are IOCs; select independent E&P companies; NOCs; drilling contractors; and other companies that provide various services to the offshore energy industry, including but not limited to, offshore construction companies, diving companies and well stimulation companies.

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. As noted above, these time charter contracts are generally either on a term or “spot” basis. There are no material differences in the cost structure of the company’s contracts based on whether the contracts are spot or term because the operating costs for an active vessel are generally the same without regard to the length of a contract.

The following table discloses our customers that accounted for 10% or more of total revenues during any of our last three fiscal years:

	2016	2015	2014
Chevron Corporation	14.6%	12.7%	18.1%
Petroleo Brasileiro SA	11.0%	11.8%	8.6 %
BP plc	7.1 %	10.1%	8.9 %

While it is normal for our customer base to change over time as our vessel time charter contracts turn over, the unexpected loss of either or both of these two significant customers could, at least in the short term, have a material adverse effect on the company’s vessel utilization and its results of operations. Our five largest customers in aggregate accounted for approximately 47% of our fiscal 2016 total revenues, while the ten largest customers in aggregate accounted for approximately 69% of the company’s fiscal 2016 total revenues.

Competition

The principal competitive factors for the offshore vessel service industry are the suitability and availability of vessels and related equipment, price and quality of service. In addition, the ability to demonstrate a strong safety record and attract and retain qualified and skilled personnel are also important competitive factors. The company has numerous competitors in all areas in which it operates around the world, and the business environment in all of these markets is highly competitive.

The company’s diverse, mobile asset base and the wide geographic distribution of its assets generally enable the company to respond relatively quickly to changes in market conditions and to provide a broad range of vessel services to its customers around the world. We believe the company is competitively well-positioned because of the size, diversity and geographic distribution of our vessel fleet. Economies of scale and experience level in the many areas of the world in which we operate are also considered competitive advantages.

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 as has been the case since late calendar 2014 when oil prices began to trend lower.

According to IHS-Petrodata, the global offshore support vessel market at the end of March 2016 had approximately 435 new-build offshore support vessels (deepwater PSVs, deepwater AHTS vessels and towing-supply vessels only) either under construction (355 vessels), on order or planned as of March 2016. These vessels are scheduled to be delivered into the worldwide offshore vessel market primarily over the next 18-24 months. The current worldwide fleet of these classes of vessels is estimated at approximately 3,440 vessels, of which we estimate that a significant portion are stacked or are not being actively marketed by the vessels' owners. The worldwide offshore marine vessel industry, however, also has a large number of aged vessels, including approximately 640 vessels, or 19%, of the worldwide offshore fleet, that are at least 25 years old and nearing or exceeding original expectations of their estimated economic lives. These older vessels, of which we estimate the majority are already stacked or not actively marketed by the vessels' owners, could potentially be removed from the market in the near future if the cost of extending the vessels' lives is not economical, especially in light of recent market conditions.

Excluding the 640 vessels that are at least 25 years old from the overall population, the company estimates that the number of offshore support vessels under construction (355 vessels) represents approximately 13% of the remaining worldwide fleet of approximately 2,800 offshore support vessels.

Although the future attrition rate of the older offshore support vessels cannot be determined with certainty, the company believes that the retirement and/or sale to owners outside of the oil and gas market of a vast majority of these aged vessels (a majority of which the company believes have already been stacked or are not being actively marketed to oil and gas development-focused customers by the vessels' owners) could mitigate the potential negative effects on vessel utilization and vessel pricing of (i) additional offshore support vessel supply resulting from the delivery of additional new-build vessels and (ii) reduced demand for offshore support vessels resulting from reduced E&P spending. Similarly, the cancellation or deferral of delivery of some portion of the 355 offshore support vessels that are under construction according to IHS-Petrodata would also mitigate the potential negative effects on vessel utilization and vessel pricing of reduced demand for offshore support vessels resulting from reduced E&P spending.

In addition, we and other offshore support vessel owners have selectively stacked more recently constructed vessels as a result of the significant reduction in our customers' offshore oil and gas-related activity and the resulting more challenging offshore support vessel market that has existed since late calendar 2014. Should market conditions continue to remain depressed, the stacking or underutilization of additional more recently constructed vessels by the offshore supply vessel industry is likely.

Challenges We Confront as an International Offshore Vessel Company

We operate in many challenging operating environments around the world that present varying degrees of political, social, economic and other uncertainties. We operate in markets where risks of expropriation, confiscation or nationalization of our vessels or other assets, terrorism, piracy, civil unrest, changing foreign currency exchange rates, and changing political conditions may adversely affect our operations. Although the company takes what it believes to be prudent measures to safeguard its property, personnel and financial condition against these risks, it cannot eliminate entirely the foregoing risks, though the wide geographic dispersal of the company's vessels helps reduce the overall potential impact of these risks.

In addition, immigration, customs, tax and other regulations (and administrative and judicial interpretations thereof) can have a material impact on our ability to work in certain countries and on our operating costs.

In some international operating environments, local customs or laws may require or make it advisable that the company form joint ventures with local owners or use local agents. The company is dedicated to carrying out its international operations in compliance with the rules and regulations of the Office of Foreign Assets Control (OFAC), the Trading with the Enemy Act, the Foreign Corrupt Practices Act (FCPA), and other applicable laws and regulations. The company has adopted policies and procedures to mitigate the risks of violating these rules and regulations.

Sonatide Joint Venture

As previously reported, in November 2013, a subsidiary of the company and its joint venture partner in Angola, Sonangol Holdings Lda. ("Sonangol"), executed a new joint venture agreement for their joint venture, Sonatide. The joint venture agreement is currently effective and will expire, unless extended, two years after a new Angolan entity, which is intended to be one of the Sonatide group of companies, has been incorporated. Based on recent communications with our partner and the appropriate ministry in Luanda, the Angolan entity is expected to be incorporated in calendar 2016 after certain Angolan regulatory approvals have been obtained.

The challenges for the company to successfully operate in Angola remain significant. As the company has previously reported, on July 1, 2013, additional elements of legislation (the “forex law”) became effective that generally require oil companies engaged in exploration and production activities offshore Angola through governmental concessions to pay for goods and services provided by foreign exchange residents in Angolan kwanzas that are initially deposited into an Angolan bank account. The forex law also imposes documentation and other requirements on service companies such as Sonatide in order to effect payments that are denominated in currencies other than Angolan kwanzas. The forex law has resulted in substantial customer payments being made to Sonatide in Angolan kwanzas. A cumbersome payment process has deprived the company of significant cash and liquidity, because the conversion of Angolan kwanzas into U.S. dollars and the subsequent expatriation of the funds causes payment delays, additional operating costs and, through the company’s 49% ownership of Sonatide, foreign exchange losses. The payment process exposes the company to further risk of currency devaluation prior to Sonatide’s conversion of Angolan kwanza-denominated bank deposits to U.S. dollars and potentially additional taxes.

In response to the adoption of the forex law, the company and Sonangol negotiated and signed an agreement (the “consortium agreement”) that allowed the Sonatide joint venture to enter into contracts with customers that allocate billings for services provided by Sonatide between (i) billings for local services that are provided by a foreign exchange resident (that must be paid in Angolan kwanzas), and (ii) billings for services provided offshore (that can be paid in U.S. dollars). Sonatide successfully converted select customer contracts to this split billing arrangement during the quarters ended March 31, 2015 and June 30, 2015. The consortium agreement expired in November 2015, and the parties have been discussing signing a new consortium agreement for a one year term. If the parties are unable to agree on a new consortium agreement, the parties would need to negotiate the terms of a new split billing arrangement that would continue to allow the company to receive U.S. dollar payments for services provided offshore. In addition, it is not clear if this type of contracting will be available to Sonatide over the longer term. If the company is unable to reach agreement on a new split billing arrangement, any contract entered into after the expiration of the consortium agreement may result in the receipt of 100% Angolan kwanzas, which would be subject to the challenges and risks described above. The split billing arrangements entered into with customers prior to the expiration of the consortium agreement remain in force.

In November 2014, the National Bank of Angola issued regulations controlling the sale of foreign currency. These regulations generally require oil companies to channel any U.S. dollar sales they choose to make through the National Bank of Angola to buy Angolan kwanzas that are required to be used to pay for goods and services provided by foreign exchange resident oilfield service companies. These foreign exchange resident oilfield services companies, in turn, generally have a need to source U.S. dollars in order to pay for goods and services provided offshore. The regulations continue to permit tripartite agreements among oil companies, commercial banks and service companies that provide for the sale of U.S. dollars by an oil company to a commercial bank in exchange for Angolan kwanzas. These same U.S. dollars are then sold onward by the commercial bank to the service company. The implementing regulations do, however, place constraints on those tripartite agreements that did not previously exist, and the period of time that the tripartite agreements will be allowed remains uncertain. If tripartite agreements or similar arrangements are not available to service companies in Angola that have a need for U.S. dollars, then such service companies will be required to source U.S. dollars exclusively through the National Bank of Angola. Sonatide has had some success to date in negotiating tripartite agreements and it continues to work with customers, commercial banks and the National Bank of Angola in regards to utilizing these arrangements.

For the fiscal year ended March 31, 2016, the company collected (primarily through Sonatide) approximately $215 million from its Angolan operations, which is slightly more than the approximately $213 million of revenue recognized for the same period. Of the $215 million collected, approximately $122 million were U.S. dollars received by Sonatide on behalf of the company or U.S. dollars directly received by the company from customers. The balance of $93 million collected resulted from Sonatide's converting Angolan kwanza into U.S. dollars and subsequently expatriating the dollars to facilitate payment to the company. Additionally, the company received an approximate $15 million dividend payment from the Sonatide joint venture during the third quarter of fiscal 2016. The company also reduced the net due from affiliate and due to affiliate balances by approximately $84 million during the year ended March 31, 2016 through netting transactions based on an agreement with the joint venture.

For the fiscal year ended March 31, 2015, the company collected (primarily through Sonatide) approximately $338 million from its Angola operations, which is slightly less than the approximately $351 million of revenue recognized for the same period. Of the $338 million collected, approximately $159 million represented U.S. dollars received by Sonatide on behalf of the company or U.S. dollars directly received by the company from customers. The balance of $179 million that was collected in fiscal 2015 resulted from Sonatide's converting Angolan kwanzas into U.S. dollars and subsequently expatriating the U.S. dollars to facilitate payment to the company. Additionally, the company received an approximate $10 million dividend payment from the Sonatide joint venture during the third quarter of fiscal 2015.

The company believes that the process for converting Angolan kwanzas continues to function, but the tight U.S. dollar liquidity situation continues in Angola. Sonatide continues to press its commercial banks with which it has relationships to increase the amount of U.S. dollars that are made available to Sonatide.

As of March 31, 2016, the company had approximately $339 million in amounts due from Sonatide, with approximately $97 million of the balance reflecting invoiced but unpaid vessel revenue related to services performed by the company through the Sonatide joint venture. Remaining amounts due to the company from Sonatide are generally supported by cash (primarily denominated in Angolan kwanzas) held by Sonatide that is pending conversion into U.S. dollars and the subsequent expatriation of such funds.

For the year ended March 31, 2016, the company’s Angolan operations generated vessel revenues of approximately $213 million, or 22%, of its consolidated vessel revenue, from an average of approximately 65 company-owned vessels that are marketed through the Sonatide joint venture (eight of which were stacked on average during the year ended March 31, 2016), and, for the year ended March 31, 2015, generated vessel revenues of approximately $351 million, or 23%, of consolidated vessel revenue, from an average of approximately 80 company-owned vessels (eight of which were stacked on average during the year ended March 31, 2015).

Sonatide owns eight vessels (three of which are currently stacked) and certain other assets, in addition to earning commission income from company-owned vessels marketed through the Sonatide joint venture (owned 49% by the company). In addition, as of March 31, 2016, Sonatide maintained the equivalent of approximately $119 million of primarily Angolan kwanza-denominated deposits in Angolan banks, largely related to customer receipts that had not yet been converted to U.S. dollars, expatriated and then remitted to the company, and approximately $3 million of U.S. dollar-denominated deposits in banks outside of Angola. As of March 31, 2016 and March 31, 2015, the carrying value of the company’s investment in the Sonatide joint venture, which is included in "Investments in, at equity, and advances to unconsolidated companies," is approximately $37 million and $67 million, respectively.

Due from affiliate at March 31, 2016 and March 31, 2015 of approximately $339 million and $420 million, respectively, represents cash received by Sonatide from customers and due to the company, and amounts due from customers that are expected to be remitted to the company through Sonatide. The collection of the amounts due to Sonatide from customers, and the subsequent conversion and expatriation process are subject to those risks and considerations set forth above.

Due to affiliate at March 31, 2016 and March 31, 2015 of approximately $188 million and $186 million, respectively, represents amounts due to Sonatide for commissions payable (approximately $32 million and $66 million, respectively) and other costs paid by Sonatide on behalf of the company.

A presidential decree regulating maritime transportation activities was enacted in Angola in 2014. Following recent discussions with port state authorities and local counsel, the company remains uncertain whether the authorities will interpret the decree to require one hundred percent Angolan ownership of local vessel operators such as Sonatide. This interpretation may result in the need to work with Sonangol to further restructure our Sonatide joint venture and our operations in Angola. The company is seeking further clarification of the new decree. The company is exploring potential alternative structures in order to comply.

The Angolan government enacted a statute, which came into effect on June 30, 2015, for a new levy that could impose an additional 10% surcharge on certain foreign exchange transactions. The specific details of the levy have not yet been disclosed and it is not clear if this new statute will apply to Sonatide's scope of operations. The additional surcharge has not been imposed on any Sonatide transactions to date. The company has undertaken efforts to mitigate the effects of the levy, in the event the levy does apply to Sonatide's operations, including successfully negotiating rate adjustments and termination rights with some of its customers. The company will be unlikely to completely mitigate the effects of the levy, resulting in increased costs and lower margins, if the levy is interpreted to apply to Sonatide's operations.

Management continues to explore ways to profitably participate in the Angolan market while looking for opportunities to reduce the overall level of exposure to the increased risks that the company believes currently characterize the Angolan market. Included among mitigating measures taken by the company to address these risks is the redeployment of vessels from time to time to other markets. Redeployment of vessels to and from Angola during the year ended March 31, 2016 has resulted in a net 23 vessels transferred out of Angola.

As the company considers the redeployment of additional vessels from Angola to other markets, there would likely be temporary negative financial effects associated with such redeployment, including mobilization costs and costs to redeploy the company's shore-based employees to other areas, in addition to lost revenues associated with potential downtime between vessel contracts. These financial impacts could, individually or in the aggregate, be material to the company’s results of operations and cash flows for the periods when such costs would be incurred. The recent decline in crude oil and natural gas prices, the reduction in spending expectations among E&P companies, the number of new-build vessels which are expected to deliver within the next two years and the resulting potential overcapacity in the worldwide offshore support vessel market may exacerbate such negative financial effects, particularly if a large re-deployment were undertaken by the company in the near- to intermediate-term.

International Labour Organization’s Maritime Labour Convention

The International Labour Organization's Maritime Labour Convention, 2006 (the "Convention") 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, 72 countries have now ratified the Convention, making for a diverse geographic footprint of enforcement.

Accordingly, the company continues prioritizing certification of its vessels to Convention requirements based on the dates of enforcement by countries in which the company has operations, performs maintenance and repairs at shipyards, or may make port calls during ocean voyages. Once obtained, vessel certifications are intended to be maintained, regardless of the area of operation. Additionally, where possible, the company continues to work with operationally identified flag states to seek substantial equivalencies to comparable national and industry laws that meet the intent of the Convention. When obtained, these substantial equivalencies, allow the company to maintain its long-standing operational protocols that meet the requirements of the Convention and mitigate changes in business processes that would offer no additional substantive benefits to crew members. As ratifications continue, the company continues to assess its global seafarer labor relationships and fleet operational practices to not only undertake compliance with the Convention but also gauge the impact of effective enforcement, the effects of which cannot be reasonably estimated at this time.

Government Regulation

The company is subject to various United States federal, state and local statutes and regulations governing the operation and maintenance of its vessels. The company’s U.S. flagged vessels are subject to the jurisdiction of the United States Coast Guard, the United States Customs and Border Protection, and the United States Maritime Administration. The company is also subject to international laws and conventions and the laws of international jurisdictions where the company and its offshore vessels operate.

Under the citizenship provisions of the Merchant Marine Act of 1920 and the Shipping Act, 1916, as amended, the company would not be permitted to engage in the U.S. coastwise trade if more than 25% of the company’s outstanding stock were owned by non-U.S. citizens. For a company engaged in the U.S. coastwise trade to be deemed a U.S. citizen: (i) the company 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 company must be owned by U.S. citizens. The company has a dual stock certificate system to protect against non-U.S. citizens owning more than 25% of its common stock. In addition, the company’s charter provides the company with certain remedies with respect to any transfer or purported transfer of shares of the company’s common stock that would result in the ownership by non-U.S. citizens of more than 24% of its common stock. Based on information supplied to the company by its transfer agent, approximately 10% of the company’s outstanding common stock was owned by non-U.S. citizens as of March 31, 2016.

The company’s vessel operations in the U.S. GOM are considered to be coastwise trade. United States 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, the company’s non-U.S. flagged vessels must operate outside of the U.S. coastwise trade zone. Of the total 278 vessels owned or operated by the company at March 31, 2016, 250 vessels were registered under flags other than the United States and 28 vessels were registered under the U.S. flag.

All of the company’s offshore vessels are subject to either United States or international safety and classification standards or sometimes both. U.S. flag deepwater PSVs, deepwater AHTS vessels, towing-supply vessels, and crewboats are required to undergo periodic inspections 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.

The company is in compliance with the International Ship and Port Facility Security Code (ISPS), 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 SOLAS and the ISPS Code. Under the ISPS Code, the company performs worldwide security assessments, risk analyses, and develops vessel and required port facility security plans to enhance safe and secure vessel and facility operations. Additionally, the company has developed security annexes for those U.S. flag vessels that transit or work in waters designated as high risk by the United States Coast Guard pursuant to the latest revision of Marsec Directive 104-6.

Environmental Compliance

During the ordinary course of business, the company's 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 the company. Environmental laws and regulations are subject to change, however, and may impose increasingly strict requirements, and, as such, the company cannot estimate the ultimate cost of complying with such potential changes to environmental laws and regulations.

The company is 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 the company's financial position, results of operations, or cash flows. The company is proactive in establishing policies and operating procedures for safeguarding the environment against any hazardous materials aboard its 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, the company has established operating policies that are intended to increase awareness of actions that may harm the environment.

Safety

We are dedicated to ensuring the safety of our operations for both our employees and our customers. 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. Personnel and resources are dedicated 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 throughout the company, focusing on lessons that can be learned from such incidents and opportunities to incorporate such lessons into the company's on-going safety-related training. In addition, the company employs safety personnel in every operating region to be responsible for administering the company's safety programs and fostering the company's safety culture. The company's position is that each of its employees is a safety supervisor, who has 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 the company 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. The company's vessels are generally insured for their estimated market value against damage or loss, including war, acts of terrorism, and pollution risks, but the company does not directly or fully insure for business interruption. The company also carries workers' compensation, maritime employer's liability, director and officer liability, general liability (including third party pollution) and other insurance customary in the industry.

The company seeks to secure appropriate insurance coverage at competitive rates, in part, by maintaining self-insurance up to certain individual and aggregate loss limits. The company carefully monitors claims and participates actively 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.

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 the company operates. 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 our insurance coverage to increase. The company currently maintains war risk coverage on its entire fleet.

Management believes that the company’s insurance coverage is adequate. The company has not experienced a loss in excess of insurance policy limits; however, there is no assurance that the company’s liability coverage will be adequate to cover potential claims that may arise. While the company believes that it should be able to maintain adequate insurance in the future at rates considered commercially acceptable, it cannot guarantee that such insurance will continue to be available at commercially acceptable rates given the markets in which the company operates.

Seasonality

The company’s 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. Hurricanes, cyclones, the monsoon season, and other severe weather can negatively or positively impact vessel operations. In particular, the company’s U.S. 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 tends 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 U.S. GOM in connection with repair and remediation work that follows any hurricane damage to offshore crude oil and natural gas infrastructure. The company’s vessels that operate offshore India in Southeast Asia and in the Western Pacific are impacted by the monsoon season, which moves 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. Vessels that operate in Australia are impacted by cyclone season from November to April. Customers in this region, where possible, plan business activities around the cyclone season; however, Australia generally has high trade winds even during the non-cyclone season and, as such, the impact of the cyclone season on any operations in Australia is not significant. Although hurricanes, cyclones, monsoons and other severe weather can have a seasonal impact on operations, the company’s business volume is more dependent on crude oil and natural gas pricing, global supply of crude oil and natural gas, and demand for the company’s offshore support vessel and other services than on any seasonal variation.

Employees

As of March 31, 2016, the company had approximately 6,550 employees worldwide. The company strives to maintain excellent relations with its employees. The company is not a party to any union contract in the United States but through several subsidiaries is a party to union agreements covering local nationals in several countries other than the United States. In the past, the company has been the subject of a union organizing campaign for the U.S. GOM employees by maritime labor unions. These union organizing efforts have abated, although the threat has not been completely eliminated. If the employees in the U.S. GOM were to unionize, the company’s flexibility in managing industry changes in the domestic market could be adversely affected.

Executive Officers of the Registrant

The name of each of our executive officers, together with their respective age and all offices held as of March 31, 2016 is as follows:

Name	Age	Position
Jeffrey M. Platt	58	President and Chief Executive Officer since June 2012. Chief Operating Officer since March 2010. Executive Vice President since July 2006. Senior Vice President from 2004 to June 2006. Vice President from 2001 to 2004.
Jeffrey A. Gorski	55	Chief Operating Officer and Executive Vice President since June 2012. Senior Vice President from January 2012 to May 2012. Prior to January 2012, Mr. Gorski was a Vice-President of Global Accounts with Schlumberger Inc., a publicly-held oilfield services company.
Quinn P. Fanning	52	Chief Financial Officer since September 2008. Executive Vice President since July 2008.
Bruce D. Lundstrom	52	Executive Vice President since August 2008. General Counsel and Secretary since September 2007. Senior Vice President from September 2007 to July 2008.
Joseph M. Bennett	60	Executive Vice President since June 2008. Chief Investor Relations Officer since 2005. Senior Vice President from 2005 to May 2008. Principal Accounting Officer from 2001 to May 2008. Vice President from 2001 to 2005.

There are no family relationships between any of the directors or executive officers of the company or any arrangements or understandings between any of the executive officers and any other person pursuant to which any of the executive officers were selected as an officer. The company's executive officers are elected annually by the Board of Directors and serve for one-year terms or until their successors are elected.

Available Information

We make available free of charge, on or through our website (www.tdw.com), our Annual 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, 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"). You may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549. Information on the operation of the Public Reference Room may be obtained by calling the Commission at 1-800-SEC-0330. The SEC maintains a website that contains the company's reports, proxy and information statements, and the company's other SEC filings. The address of the SEC's website is www.sec.gov. Information appearing on the company's website is not part of any report that it files with the SEC.

The company has adopted a Code of Business Conduct and Ethics (Code), which is applicable to its 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 the company's 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., 601 Poydras Street, Suite 1500, New Orleans, Louisiana 70130.

ITEM 1A. RISK FACTORS

We operate globally in challenging and highly competitive markets and thus our business is subject to a variety of risks. Listed below are some of the more critical or unique risk factors that we have identified as affecting or potentially affecting our company and the offshore marine service industry which could cause our actual results to differ materially from those anticipated, projected or assumed in the forward-looking statement. You should consider all risks when evaluating any of the company's forward-looking statements. The effect of any one risk factor or a combination of several risk factors could materially affect the company's results of operations, financial condition and cash flows and the accuracy of any forward-looking statements made in this Annual Report on Form 10-K.

Depressed Prices for Oil and Gas and Resulting Changes in the Level of Capital Spending by Our Customers

Even in a more favorable commodity pricing climate, 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. The significant decline in crude oil and natural gas prices that began in 2014 and continued throughout 2015 caused many of our customers to significantly reduce drilling, completion and other production activities and related spending on our products and services in 2015. Many exploration and production companies have already announced plans to further reduce spending and activity levels in 2016 thus, we expect this trend to continue and potentially worsen in 2016 and potentially beyond. In addition, the reduction in demand from our customers has resulted in an oversupply of the vessels available for service, and such oversupply has substantially reduced the prices we can charge our customers for our services.

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 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, or other governments against oil producing countries;
- the cost of exploring for, developing, producing and delivering oil and natural gas
- the level of excess production capacity, available pipeline, storage and other transportation capacity
- lead times associated with acquiring equipment and products and availability of qualified personnel
- the expected rates of decline in production from existing and prospective wells

- the discovery rates of new oil and gas reserves

- federal, state and local regulation of (i) exploration and drilling activities, (ii) equipment, material, supplies or services that we furnish and (iii) oil and gas exports

- public pressure on, and legislative and regulatory interest within, federal, state and local governments to stop, significantly limit or regulate hydraulic fracturing activities

- weather conditions, including hurricanes, that can affect oil and natural gas operations over a wide area and severe winter weather that can interfere with oil and gas development and production operations

- political instability in oil and natural gas producing countries

- advances in exploration, development and production technologies or in technologies affecting energy consumption (such as fracking)

- the price and availability of alternative fuel and energy sources

- uncertainty in capital and commodities markets and

- changes in the value of the U.S. dollar relative to other major global currencies.

The ongoing depressed level of oil and natural gas prices significantly curtailed our customers' drilling, completion and other production activities and related spending on our services in fiscal 2016. The energy industry's level of capital spending is substantially related to current and expected future demand for hydrocarbons and the prevailing commodity prices of crude oil and, to a lesser extent, natural gas. When commodity prices are low, or when our customers believe that they will be low in the future, our customers generally reduce their capital spending budgets for onshore and offshore drilling, exploration and field development. The continuing depressed levels of crude oil and natural gas prices has reduced significantly the energy industry's level of capital spending and as long as current conditions persist, capital spending and demand for our services may remain similarly depressed. It is difficult to predict how long the current commodity price conditions will continue, or to what extent low commodity prices will affect our business. Because 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 companies given the long-term nature of large-scale development projects, a downturn of any such duration would likely result in a significant decline in demand for offshore support services. 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 maintain or increase our borrowing capacity;
- our ability to obtain additional capital to finance our business and make acquisitions, 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 based 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.

Crude oil pricing volatility has increased in recent years as crude oil has emerged as a widely-traded financial asset class. To the extent speculative trading of crude oil causes excessive crude oil pricing volatility, our results of operations could potentially be negatively impacted if such price volatility affects spending and investment decisions of offshore exploration, development and production companies.

Reduced Lending in the Energy Sector; Amendments to Credit Facility

Lower oil and gas prices, which have led to a sustained slowdown in the level of commercial activity by energy and energy service companies, have put a significant number of credit facilities and other arrangements between borrowers and lenders under stress. The eventual resolution of these credit challenges and the impact of such resolutions for lenders or borrowers is currently unknown. However, there are a number of potential negative consequences for the energy and energy services sectors that may result if commodity prices remain depressed or continue to decline, including a general outflow of credit and capital from the energy and energy services sectors, further efforts by lenders to reduce their loan exposure to the energy sector, the imposition of increased lending standards for the energy and energy services sectors, higher borrowing costs and collateral requirements or a refusal 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.

The company may be required to provide collateral, pay higher interest rates and otherwise agree to more restrictive terms in order to secure amendments to its existing bank credit facility and other lending arrangements. Future debt financing arrangements, if available at all, may also require collateral, higher interest rates and more restrictive terms. Collateral requirements and higher borrowing costs may limit our long- and short-term financial flexibility, and any failure to obtain amendments to existing debt arrangements or to secure future financing on terms that are acceptable to the company could jeopardize our ability to (i) repay, refinance or reduce our debt obligations, (ii) fund, among other things, capital expenditures and general working capital needs, or (iii) meet our other financial commitments as they come due.

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 amount 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 every six months, or whenever changes in circumstances indicate that the carrying amount of a vessel may not be recoverable. We have recorded impairment charges of $117.3 million, $14.5 million and $9.3 million during the years ended March 31, 2016, 2015 and 2014 respectively. In the event that offshore E&P industry conditions continue to deteriorate, or persist at current levels, the company could be subject to additional vessel 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.

The amount of our debt and the covenants in the agreements governing our debt could negatively impact our financial condition, results of operations and business prospects.

As of March 31, 2016, we had $2,052.3 million of total debt. Our level of indebtedness, and the 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 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, 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 conditions

- placing us at a competitive disadvantage against less leveraged competitors and making us vulnerable to increases in interest rates, because certain of our debt has variable interest rates or because our current debt is at low fixed interest rates and in exchange for accommodations to our existing debt instruments, debt holders may demand higher interest rates; and

- limiting our ability to invest in the future in new vessels and to make other capital expenditures.

Our long-term debt instruments are subject to affirmative and negative covenants, including financial ratios and tests, with which we must comply (including a requirement that we comply with a 3.0x minimum interest coverage covenant). These covenants include, among others, covenants that restrict our ability to take certain actions without the permission of the holders of our indebtedness, including the incurrence of debt, the granting of liens, the making of investments and the sale of assets. Please see “Status of Discussions with Lenders and Noteholders / Audit Opinion” disclosures in Liquidity and Capital Resources in Item 7 of this report for a discussion of the events of default which have been waived through August 14, 2016 and the resulting reclassification of our long-term debt.

Our ability to satisfy required financial covenants, ratios and tests in our debt agreements can be limited by events beyond our control, including continuing low commodity prices, reduced demand for our services, depressed valuations of our assets as well as prevailing economic, financial and industry conditions, and we can offer no assurance that we will be able to remain in compliance with such covenants or that the holders of our indebtedness will not seek to assert that we are not in compliance with our covenants. A breach of any of these covenants, ratios or tests could result in a default, which may result in a cross-default of other indebtedness. If we default, our lenders could declare all amounts of outstanding debt together with accrued interest, to be immediately due and payable. The results of such actions would have a significant negative impact on our results of operations, financial position and cash flows. Absent available alternatives such as refinancing or restructuring our indebtedness or capital structure, we would not have sufficient liquidity to repay all of our outstanding indebtedness. If such a result were to occur, we may be forced into bankruptcy or forced to seek bankruptcy protection to restructure our business and capital structure and may have to liquidate our assets and may receive less than the value at which those assets are carried on our financial statements.

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 generate cash in the future. This, 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 has had a direct and significant impact on our financial performance, financial condition and financial outlook. As a result, we continue to explore alternatives to improve our financial position and liquidity, including pursuing amendments to existing debt arrangements, a debt restructuring and possible strategic transactions. We may not be able to implement any of these such actions, if necessary, on commercially reasonable terms or at all, and, even if we are successful in implementing amendments to existing debt arrangements, a debt restructuring or strategic transaction, such actions may not be successful in allowing us to meet our debt obligations. If we are unable to generate sufficient cash flow to satisfy our debt or other obligations, or to implement amendments to existing debt arrangements, a debt restructuring or strategic transaction, our creditors could potentially force us into bankruptcy or we could be forced to seek bankruptcy protection to restructure our business and capital structure, in which case we could be forced to liquidate our assets at potentially depressed valuations and may receive less than the value at which those assets are carried on our financial statements. Even if we are able to implement amendments to existing debt arrangements, a debt restructuring or strategic transaction, such amendments, debt restructuring or strategic transaction may impose onerous terms on us. As a result, any amendments to existing debt arrangements, debt restructuring, strategic transaction or bankruptcy proceeding could place equity holders at significant risk of losing some or all of their interests in our company.

We participate in a capital-intensive industry. We may not be able to finance future growth of our operations or future acquisitions.

Our activities require substantial capital expenditures. 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 issuance or through alternative financing plans or selling assets.

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 and our financial condition at such time, among other things. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants and may require us to provide substantial collateral to some or all of our debt holders, which could further restrict our business operations. The terms of existing or future debt instruments may restrict us from adopting some of these alternatives. We currently have limited ability to raise new capital or refinance our indebtedness and, as a result, we have undertaken efforts to curtail our spending, which may limit our ability to grow our business and our ability to sustain or improve our profits may be adversely affected. Any of the foregoing consequences could materially and adversely affect our business, financial condition, results of operations and prospects.

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.

Consolidation of the Company’s Customer Base

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

High Level of Competition in the Offshore Marine Service Industry

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 and ROVs; availability of vessels and ROVs; safety and efficiency; cost of mobilizing vessels and ROVs 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.

Loss of a Major Customer

We derive a significant amount of revenue from a relatively small number of customers. For the fiscal years ended March 31, 2016, 2015 and 2014, the five largest customers accounted for approximately 47%, 45%, and 45%, respectively, of the company’s total revenues, while the 10 largest customers accounted for approximately 69%, 62%, and 62%, respectively, 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; and/or refuse to award new contracts.

Unconventional Crude Oil and Unconventional Natural Gas Production Can Exert Downward Pricing Pressures on the Price of Crude Oil and Natural Gas

The rise in production of unconventional crude oil and 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 been a buildup of crude oil and natural gas inventories in the United States in part due to the increased development of unconventional crude oil and natural gas 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 will likely continue to weigh on 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 offshore support vessel services.

Challenging Macroeconomic Conditions

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 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 our 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, 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.

Potential Overcapacity in the Offshore Marine Industry

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. As a result, offshore service companies, such as ours, constructed specialized offshore vessels that are capable of supporting deepwater and deep well (defined by well depth rather than water depth) projects. 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 the company's vessel fleet and vessel construction programs appears in the "Vessel Count, Dispositions, Acquisitions and Construction Programs" section of Item 7 in this Annual Report on Form 10-K.

The offshore support vessel market has approximately 435 new-build offshore support vessels (deepwater PSVs, deepwater AHTS vessels and towing-supply vessels only) either under construction (355 vessels), on order or planned as of March 2016, which are expected to be delivered to the worldwide offshore support vessel market primarily over the next 18-24 months, according to IHS-Petrodata. The current worldwide fleet of these classes of vessels is estimated at approximately 3,440 vessels, according to the same source. 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 to the company.

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.

Vessel Construction and Maintenance

The company has six remaining vessels currently under construction and routinely engages shipyards to drydock vessels for regulatory compliance and to provide repair and maintenance services. Construction projects and drydockings are subject to risks of delays and cost overruns, resulting from shortages and/or delivery delays in regards to equipment, materials and skilled labor, including third-party service technicians. In addition, the cost, timing and duration of drydockings and repairs and maintenance can be negatively impacted by lack of shipyard availability, unforeseen design and engineering problems, work stoppages, weather, financial, labor and other difficulties at shipyards, including the inability to obtain necessary certifications and approvals.

A significant delay in either construction or drydockings of vessels could negatively impact our ability to fulfill contractual commitments. Significant cost overruns or delays for vessels under construction could also adversely affect the company's financial condition, results of operations or cash flows.

There is a risk of insolvency of the shipyards that construct, repair or drydock our vessels, which could adversely affect our new construction or repair programs, and consequently, could adversely affect our financial condition, results of operations or cash flows.

Operating Internationally

We operate in various regions throughout the world and are exposed to many risks inherent in doing business in countries other than the United States, some of which have recently become more pronounced. Our customary risks of operating internationally include political and economic instability within the host country; possible vessel seizures or nationalization of assets and other governmental actions by the host country, including 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; an inability to recruit, retain or obtain work visas for workers of international operations; 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 United States; and import/export quotas and restrictions or other trade barriers, most of which are beyond the control of the company. See (i) Item 7 and Note (12) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for a discussion of our Venezuelan operations regarding vessel seizures and (ii) Item 1 and Note (12) of Notes to Consolidated Financial Statements included in Item 8 in this Annual Report on Form 10-K for a discussion of our Sonatide joint venture in Angola. While we no longer operate in Venezuela, we note that the company has substantial operations in Brazil, Mexico, Saudi Arabia, Angola and throughout the west coast of Africa, which generate a large portion of our revenue, where we are exposed to the risks described above.

The company is also subject to acts of piracy and kidnappings that put its assets and personnel at risk. 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, the company is particularly vulnerable to these kinds of unlawful activities. Although the company takes what it considers to be prudent measures to protect its personnel and assets in markets that present these risks, it has confronted these kinds of incidents in the past, and there can be no assurance it will not be subjected to them in the future.

The continued threat of terrorist activity, other acts of war or hostility and civil unrest have significantly increased the risk of political, economic and social instability in some of the geographic areas in which the company operates. It is possible that further acts of terrorism or civil unrest may be directed against the United States domestically or abroad, and such acts of terrorism or civil unrest could be directed against properties and personnel of U.S. headquartered companies such as ours. To date, the company has not experienced any material adverse effects on its results of operations and financial condition as a result of terrorism, political instability, civil unrest or war.

Risks Inherent in Acquiring Businesses

Although acquisitions have historically been an element of our business strategy, we cannot assure 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 incur substantial indebtedness or issue equity to finance future acquisitions. 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, our management may not be able to effectively manage a substantially larger business or successfully operate a new line of business.

Entry into New Lines of Business

Historically, the company’s operations and acquisitions focused primarily on offshore marine vessel services for the oil and gas industry. We have recently expanded our capability to provide subsea services through the acquisition of employees with specialized subsea skills and ROVs. The company may expand its subsea capabilities further and enter into additional lines of business. Entry into, or further development of, lines of business in which the company has not historically operated may expose us to business and operational risks that are different from those we have experienced historically. Our management may not be able to effectively manage these additional risks or implement successful business strategies in new lines of business. Additionally, our competitors in these lines of business may possess substantially greater operational knowledge, resources and experience than the company.

Doing Business through Joint Venture Operations

The company operates 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 partner, or other factors may arise that make the continuation of the relationship unwise or untenable. Any such disagreements or discontinuation of the 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 Item 1 and Item 3 in this Annual Report on Form 10-K for additional discussion of our Sonatide joint venture in Angola and our joint venture in Nigeria, respectively.

International Operations Exposed 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 and the company is at risk of changes in the exchange rates between the U.S. dollar and foreign currencies. In some instances, we receive payments in currencies which 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, the company attempts to not maintain large, non-U.S. dollar-denominated cash balances. In addition, the company attempts to minimize the financial impact of these risks by matching the currency of the company’s 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.

As of March 31, 2016, Sonatide maintained the equivalent of approximately $119 million of Angola kwanza-denominated deposits in Angolan banks, largely related to customer receipts that had not yet been converted to U.S. dollars, expatriated and then remitted to the company. During fiscal 2016, the entities which comprise the operations of the Sonatide joint venture recognized a foreign exchange loss of approximately $49.2 million, primarily as a result of the devaluation of the Angolan kwanza relative to the U.S. dollar and the resulting revaluation of Sonatide’s Angolan kwanza-denominated bank balances. The company has recognized 49% of the total foreign exchange loss, or approximately $24.1 million, from the Sonatide entities through equity in net earnings/(losses) of unconsolidated companies. Any further 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, 49% of which will be borne by the company. Sonatide may be able to mitigate this exposure, but a hypothetical ten percent devaluation of the kwanza relative to the U.S. dollar on a net kwanza-denominated asset balance of $100 million would cause our equity in net earnings of unconsolidated companies to be reduced by $4.9 million.

Operational Hazards

The company’s 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 the company may incur substantial liabilities or losses as a result of these hazards.

Our exposure to operating hazards may increase significantly with the expansion of our subsea operations, including through the ownership and operation of ROVs and the provision of engineering design and consulting services for customers' subsea initiatives. For example, the company may lose equipment, including ROVs, in the course of our subsea operations. This equipment may be difficult or costly to replace, and such losses may result in work stoppages or the loss of customers. Additionally, many of our subsea operations will be performed on or near existing oil and gas infrastructure. These operations may expose us to new or increased liability relating to explosions, blowouts and cratering; mechanical problems, including pipe failure; and environmental accidents, including oil spills, gas leaks or ruptures, uncontrollable flows of oil, gas, brine or well fluids, or other discharges of toxic gases or other pollutants. Finally, provision of engineering design and consulting services could expose us to professional liability for errors and omissions made in the course of those services.

We carry what we consider to be prudent levels of liability insurance, and our vessels and ROVs 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 seek to obtain indemnity agreements from our customers requiring the customers to hold the company harmless from some of these risks, the company's 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. The company does 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 the company could materially and adversely affect 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 the company operates.

Compliance with the Foreign Corrupt Practices Act and Similar Worldwide Anti-Bribery Laws

Our global operations require us to comply with a number of U.S. and international laws and regulations, including those involving anti-bribery and anti-corruption. As a U.S. corporation, we are subject to the regulations imposed by the Foreign Corrupt Practices Act (FCPA), which generally prohibits U.S. 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, but we may be held liable for actions taken by local partners or agents even though these partners or agents may themselves not be subject to the FCPA. Any determination that we have violated the FCPA (or any other applicable anti-bribery laws in countries in which the company does business) could have a material adverse effect on our business and business reputation, as well as our results of operations, and cash flows.

Compliance with Complex and Developing Laws and Regulations

Our operations are subject to many complex and burdensome laws and regulations. Stringent federal, state, local and foreign laws and regulations governing worker health and safety and the manning, construction and operation of vessels significantly affect our operations. Many aspects of the marine industry are subject to extensive governmental regulation by the United States Coast Guard, the United States 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.

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 United States, 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 on the company based on that reinterpretation or retroactive effect. While the company endeavors 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 the company's operations. These laws and regulations may expose the company 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 the company may not be able to pass along to its customers. Any changes in laws, regulations or standards imposing additional requirements or restrictions could adversely affect the company's financial condition, results of operations or cash flows.

Changes in Laws Governing U.S. Taxation of Foreign Source Income

We operate globally through various subsidiaries which are subject to changes in applicable tax laws, treaties or regulations in the jurisdictions in which we conduct our business, including laws or policies directed toward companies organized in jurisdictions with low tax rates. 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.

Approximately 88% of the company’s revenues and a majority of the company’s net income are generated by its operations outside of the United States. The company’s effective tax rate has averaged approximately 22% since fiscal 2006, primarily a result of the passage of The American Jobs Creation Act of 2004, which excluded from the company’s current taxable income in the U.S. income earned offshore through our controlled foreign subsidiaries.

Periodically, tax legislative initiatives are proposed to effectively increase U.S. taxation of income with respect to foreign operations. Whether any such initiatives will win congressional or executive approval and become law is presently unknown; however, if any such initiatives were to become law, and were such law to apply to the company’s international operations, it could result in a materially higher tax expense, which would have a material impact on the company’s financial condition, results of operations or cash flows, and which could cause the company to review the utility of continued U.S. domicile.

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. The company routinely evaluates 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.

Compliance with Environmental Regulations

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 impose strict liability for remediation of spills and releases of oil and hazardous substances, which could subject the company to liability without regard to whether the company was negligent or at fault.

A variety of regulatory developments, proposals and requirements have been introduced (and in some cases enacted) in the U.S. and various other countries that are focused on restricting the emission of carbon dioxide, methane and other gases. Notwithstanding the current downturn in the oil industry punctuated by lessened demand and lower oil 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 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 the company’s offshore support vessels, ROVs 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 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.

Climate Change and Greenhouse Gas Restrictions

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 greenhouse gas emissions. These 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.

Unionization Efforts and Collective Bargaining Negotiations

In locations in which the company is required to do so, the company has union workers, subject to collective bargaining agreements, that are periodically in negotiation. These negotiations could result in higher personnel expenses, other increased costs, or increased operational restrictions. Further, efforts have been made from time to time to unionize other portions of our workforce, including our U.S. GOM employees. We have also been subjected to threatened strikes or work stoppages and other labor disruptions in certain countries. Additional unionization efforts, new collective bargaining agreements or work stoppages could materially increase our costs and operating restrictions, reduce our revenues, or limit our flexibility.

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, including “Arbitral Award for the Taking of the Company's Venezuelan Operations” and “Nigeria Marketing Agent Litigation” see the “Legal Proceedings” section of “Management's Discussion and Analysis of Financial Condition and Results of Operations” in Item 7 and 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 the company’s 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

The company's common stock is traded on the New York Stock Exchange under the symbol "TDW." At March 31, 2016, there were 649 record holders of the company's common stock, based on the record holder list maintained by the company's stock transfer agent. The closing price on the New York Stock Exchange Composite Tape on March 31, 2016 (last business day of the month) was $6.83. The following table sets forth for the periods indicated the high and low sales price of the company's common stock as reported on the New York Stock Exchange Composite Tape and the amount of cash dividends per share declared on Tidewater common stock.

Quarter ended	June 30	September 30	December 31	March 31
Fiscal 2016 common stock prices:				
High	$ 31.74	$ 23.87	$ 17.91	$ 11.58
Low	19.07	12.77	5.59	4.24
Dividend	.25	.25	.25	—
Fiscal 2015 common stock prices:				
High	$ 56.95	$ 56.46	$ 40.05	$ 33.82
Low	47.41	38.96	28.40	18.85
Dividend	.25	.25	.25	.25

Issuer Repurchases of Equity Securities

In May 2014, the company's Board of Directors authorized the company to spend up to $200 million to repurchase shares of its common stock in open-market or privately-negotiated transactions. In May 2015, the company's Board of Directors authorized an extension of its May 2014 common stock repurchase program from its original expiration date of
June 30, 2015 to June 30, 2016. In fiscal 2015, $100 million was used to repurchase common stock under the May 2014 share repurchase program. No shares were repurchased by the company during fiscal 2016.

In January 2016, the company suspended its common stock repurchase program.

The value of common stock repurchased, along with number of shares repurchased, and average price paid per share for the years ended March 31, are as follows:

(In thousands, except share and per share data)	2016	2015	2014
Aggregate cost of common stock repurchased	$ —	99,999	—

Shares of common stock repurchased		—	2,841,976	—
Average price paid per common share	$	—	35.19	—

Dividend Program

The declaration of dividends is at the discretion of the company's Board of Directors. The Board of Directors declared the following dividends for each of the last three years ended March 31, as follows:

(In thousands, except per share data)	2016	2015	2014
Dividends declared	$34,965	49,127	49,973
Dividend per share	0.75	1.00	1.00

In January 2016, the company suspended the quarterly dividend program.

Performance Graph

The following graph compares the cumulative total stockholder return on the company's common stock against the cumulative total return of the Standard & Poor's 500 Stock Index and the cumulative total return of the Value Line Oilfield Services Group Index (the "Peer Group") over the last five fiscal years. The analysis assumes the investment of $100 on April 1, 2011, at closing prices on March 31, 2011, 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. The Value Line Oilfield Services Group consists of 25 companies including Tidewater Inc.

Indexed returns

Years ended March 31						
Company name/Index	2011	2012	2013	2014	2015	2016
Tidewater Inc.	100	91.99	87.83	86.10	34.98	13.32
S&P 500	100	108.54	123.69	150.73	169.92	172.95
Peer Group	100	79.58	85.26	104.06	75.41	60.59

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 the Securities and Exchange Commission rules. It will not be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the company specifically incorporates it by reference.

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth a summary of selected financial data for each of the last five fiscal years. This information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 and the Consolidated Financial Statements of the company included in Item 8 of this Annual Report on Form 10-K.

Years Ended March 31

(In thousands, except ratio and per share amounts)

	2016	2015 (A)	2014 (B)	2013 (D)	2012
Statement of Earnings Data :					
Revenues:					
Vessel revenues	$955,400	1,468,358	1,418,461	1,229,998	1,060,468
Other operating revenues	23,662	27,159	16,642	14,167	6,539
	$979,062	1,495,517	1,435,103	1,244,165	1,067,007
Gain on asset dispositions, net	$26,037	23,796	21,063	14,687	21,264
Asset impairments (F)	$117,311	14,525	9,341	8,078	3,607
Goodwill Impairment (C)	$—	283,699	56,283	—	30,932
Loss on early extinguishment of debt	$—	—	4,144	—	—
Restructuring charge	$7,586	4,052	—	—	—
Operating income (loss)	$(69,524)	(37,181)	201,541	206,232	113,554
Net earnings (loss)	$(160,183)	(65,190)	140,255	150,750	87,411
Basic earnings per common share	$(3.41)	(1.34)	2.84	3.04	1.71
Diluted earnings per common share	$(3.41)	(1.34)	2.82	3.03	1.70
Cash dividends declared per common share	$0.75	1.00	1.00	1.00	1.00
Balance Sheet Data (at end of period):					
Cash and cash equivalents	$678,438	78,568	60,359	40,569	320,710
Total assets	$4,990,547	4,756,162	4,885,829	4,168,055	4,061,618
Current maturities of long-term debt (E)	$2,052,270	10,181	9,512	—	—
Long-term debt (E)	$—	1,524,295	1,505,358	1,000,000	950,000
Total stockholders' equity	$2,299,520	2,474,488	2,679,384	2,561,756	2,526,357
Working capital (E)	$(1,135,814)	386,581	418,528	241,461	455,171
Current ratio (E)	0.54	1.80	2.04	1.91	2.91
Cash Flow Data:					
Net cash provided by operating activities	$253,360	358,713	104,617	213,923	222,421
Net cash used in investing activities	$(134,996)	(231,418)	(403,685)	(413,487)	(315,081)
Net cash (used in) provided by financing activities	$481,506	(109,086)	318,858	(80,577)	167,650

(A) During fiscal 2015, the company recorded a $23.8 million ($23.8 million after-tax, or $0.51 per common share) non-cash adjustment related to the valuation of deferred tax assets.

(B) During fiscal 2014, the company incurred transaction costs of $3.7 million ($2.4 million after tax, or $0.05 per common share) related to the purchase of Troms Offshore and a loss on early extinguishment of debt that was issued by Troms Offshore and retired by the company of $4.1 million, ($3 million after tax, or $0.06 per common share).

(C) During fiscal 2015, 2014 and 2012, the company recorded a $283.7 million ($214.9 million after-tax, or $4.43 per share), a $56.3 million ($43.4 million after-tax, or $0.87 per share) and a $30.9 million ($22.1 million after-tax, or $0.43 per share) non-cash goodwill impairment charge respectively, as disclosed in Note (17) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

(D) During fiscal 2013, the company recorded a settlement charge of $5.2 million ($3.4 million after tax, or $0.07 per commons share) related to the payment of retirement benefits to a former Chief Executive Officer.

(E) Working capital and current ratio includes amounts due to and from affiliates, as disclosed in Note (12) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K. Amounts at March 31, 2016 reflect the reclassification of the $2,042.1 million of long-term debt to current as a result of an event of default (which have been waived through August 14, 2016) under various borrowing agreements as more fully described in the “Status of Discussions with Lenders and Noteholders / Audit Opinion” discussion included in Liquidity, Capital Resources and Other Matters in Part II, Item 7 of this Annual Report on Form 10-K.

(F) Refer to the “Other Items” section of Management’s Discussion and Analysis section located in Part II, Item 7 of this Annual Report on Form 10-K.

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 as of March 31, 2016 and 2015 and for the years ended March 31, 2016, 2015 and 2014 that we included in Item 8 of this Annual Report on Form 10-K. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. The company's future results of operations could differ materially from its historical results or those anticipated in its 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.

Fiscal 2016 Business Highlights and Key Focus

During fiscal 2016 the company continued to focus on identifying potential cost savings that could be realized given the reduction in revenues attributable to lower crude oil prices and reduced E&P spending. Key elements of the company's strategy include sustaining the company's offshore support vessel fleet and its global operating footprint, while safeguarding its balance sheet and maintaining adequate liquidity to fund operations and the remaining payments related to six vessels under construction at March 31, 2016. Operating management is focused on safe, compliant operations, minimizing unscheduled vessel downtime, improving the oversight over major repairs and maintenance projects and drydockings and maintaining disciplined cost control.

Primarily as a result of the significant industry downturn which occurred over the latter half of fiscal 2015 and continued through fiscal 2016, the company's revenue during fiscal 2016 decreased $516.5 million, or 35%, from the revenues earned during fiscal 2015. The company's consolidated net loss increased 146%, or $95 million during fiscal 2016, despite the fact that fiscal 2015 net loss includes a $283.7 million non-cash goodwill impairment charge ($214.9 million after-tax, or $4.43 per share) recorded during the third quarter of fiscal 2015 related to the company's remaining goodwill as disclosed in Note (15) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

The revenue reductions were accompanied by decreases in vessel operating costs which decreased 33%, or $273.2 million, during fiscal 2016 as compared to fiscal 2015. Crew costs decreased approximately 29%, or $124.9 million; repair and maintenance costs decreased 45%, or $78.9 million; insurance costs decreased 52%, or $9.1 million; fuel, lube and supplies costs decreased 30%, or $26.3 million; and other vessel costs decreased 27%, or $34 million; during fiscal 2016 as compared to fiscal 2015, primarily due to the reduction in the number of vessels operating, along with other cost cutting initiatives implemented during fiscal 2016.

The company also experienced a 4%, or $7.1 million, increase in depreciation and amortization expense due to the higher costs associated with acquiring and constructing the company's newer, more sophisticated vessels.

General and administrative expenses decreased 19%, or $36 million, as a result of the company's continuing efforts to reduce overhead costs due to the downturn in the offshore oil services market and, in part, due to lower equity based compensation expense as a result of the company’s lower stock price.

Additionally, asset impairments increased by $102.8 million, due to our stacking underutilized vessels (as a result of the decrease in the volume of oil and gas exploration, field development and production spending by our customers) and a decline in offshore support vessel values.

Increased borrowings, including borrowings under our revolving credit facility and obligations of Troms Offshore, resulted in higher interest and other debt expenses of 7%, or $3.7 million.

Despite the net loss of $160.2 million and an operating loss of $69.5 million in fiscal 2016, net cash provided by operating activities was $253.4 million for fiscal 2016, in part, reflecting $182.3 million of depreciation and amortization expense, $117.3 million of non-cash impairment charges, and continuing efforts to collect receivables and amounts due from our Angolan joint venture.

Net cash used in investing activities declined $96.4 million to $135 million as $194.5 million of additions to property and equipment were partially offset by refunds from cancelled vessel construction contracts of $46.1 million and proceeds from asset sales of $10.7 million.

As of March 31, 2016 and 2015 the company's net debt to net capitalization ratio was 37.4% and 37.0%, respectively. The ratio was slightly higher in fiscal 2016 primarily due to the net loss in fiscal 2016 which was partially offset by debt payments made during the year. The ratio of net debt to net capitalization is calculated by the company by dividing total debt, net of cash and cash equivalents as of the balance sheet dates by the sum of shareholders' equity and debt, net of cash and cash equivalents and is relevant and useful to the company in order to determine financial leverage relative to peers and the company's ability to comply with existing debt agreements.

The company has successfully replaced the vast majority of the older vessels in its fleet with fewer, larger and more efficient vessels that have a more extensive range of capabilities. These efforts are expected to be completed with the delivery of the remaining six vessels currently under construction, with the company anticipating that it will use some portion of its available cash, or future operating cash flows in order to complete the fleet renewal and modernization program. The company's vessel construction and acquisition program facilitated the company's entrance into deepwater markets around the world and allowed the company to replace its non-deepwater towing-supply fleet with fewer, larger, and more technologically sophisticated vessels. The vessel construction and acquisition program was initiated with the intent of strengthening the company's presence in all major oil and gas producing regions of the world and of meeting deepwater and non-deepwater offshore support vessel requirements of the company's key customers.

In recent years, the company has generally funded vessel additions with operating cash flow, together with asset sale proceeds, funds provided by the various private placements of unsecured notes, borrowings under its credit facilities and various leasing arrangements.

At March 31, 2016, the company had commitments to build six vessels at a number of different shipyards around the world at a total cost, including contract costs and other incidental costs, of approximately $251.4 million. At March 31, 2016, the company had invested approximately $183.9 million in progress payments towards the construction of these six vessels. At March 31, 2016, the remaining expenditures necessary to complete construction of the six vessels currently under construction (based on contract prices) was $67.5 million or approximately $36.5 million, net of expected returns from shipyards of approximately $31 million.

Further discussions of our vessel construction, acquisition and replacement program, including the various settlement agreements with certain international shipyards relating to the construction of vessels, the company's capital commitments, scheduled delivery dates and recent vessel sales, are disclosed in the "Our Global Vessel Fleet and Vessel Construction, Acquisition and Replacement Program" section of Item 1, the "Vessel Count, Dispositions, Acquisitions and Construction Programs" section of this Item 7 and Note (12) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

A full discussion of the company's capital commitments, scheduled delivery dates and vessel sales is disclosed in the "Vessel Count, Dispositions, Acquisitions and Construction Programs" section of this Item 7 and Note (12) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

The company's outstanding receivable from Sonatide for work in Angola stabilized in fiscal 2015 and was reduced to approximately $339 million at March 31, 2016. The company's outstanding payable to Sonatide (including commissions payable) increased slightly to approximately $188 million at March 31, 2016. The company's outstanding receivable from Sonatide and outstanding payable to Sonatide (including commissions payable) at March 31, 2015 was approximately $420 million and approximately $186 million, respectively. The company has funded net working capital related to Sonatide with debt.

The company has had some success in obtaining contracts that allow for a portion of services to be paid in dollars and has initiated some conversion of kwanzas into dollars. For additional disclosure regarding the Sonatide Joint Venture, refer to Part I, Item 1, of this Annual Report on Form 10-K.

Macroeconomic Environment and Outlook

The primary driver of our business (and revenues) is the level of our customers' capital and operating expenditures for offshore oil and natural gas exploration, field development and production. These expenditures, in turn, generally reflect our customers' expectations for future oil and natural gas prices, economic growth, hydrocarbon demand, estimates of current and future oil and natural gas production, the relative cost of exploring, developing and producing onshore and offshore oil and natural gas, and our customers' ability to access exploitable oil and natural gas resources. The prices of crude oil and natural gas are critical factors in our customers' investment and spending decisions, including their decisions to contract drilling rigs and offshore support vessels in support of offshore exploration, field development and production activities in the various global geographic markets, in most of which the company already operates.

After a significant decrease in the price of oil during fiscal 2015, largely due to an increase in global supply without a commensurate increase in worldwide demand, the price of crude oil continued to decline during fiscal 2016. We anticipate that our longer-term utilization and average day rate trends for our vessels will generally correlate with demand for, and the price of, crude oil, which during May 2016, was trading at approximately $46 per barrel for West Texas Intermediate (WTI) crude and $48 per barrel for Intercontinental Exchange (ICE) Brent crude, down from $60 and $65 per barrel, respectively, in May 2015. The current pricing outlook and recent trend in crude oil prices will likely continue to suppress additional offshore exploration and development activity. Current prices for WTI and ICE Brent are significantly below the average prices per barrel reportedly used in exploration and production (E&P) companies' capital expenditure budgets as reported in numerous calendar 2016 E&P spending surveys. These surveys have forecasted an overall spending reduction of 11% to 17% which includes a reduction in offshore spending of 20% to 25% as compared to calendar 2015 levels. This forecasted reduction is expected to continue a trend of decreasing E&P spending from already depressed levels in 2015. The surveys also recognize that if oil and gas prices ultimately remain below levels assumed in the E&P capital expenditure budgets for 2016, the probability of further reductions in 2016 E&P spending is very likely.

The production of unconventional gas resources in North America and the commissioning of a number of new, large, Liquefied Natural Gas (LNG) export facilities around the world have also contributed to an oversupplied natural gas market. High levels of onshore gas production and a prolonged downturn in natural gas prices have had a negative impact on the offshore exploration and development plans of energy companies and the demand for offshore support vessel services.

Deepwater activity is a significant segment of the global offshore crude oil and natural gas markets, and, if the commodity pricing environment improves, it could be a source of potential long-term growth for the company. Deepwater oil and gas 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 costly relative to other onshore and offshore exploration and development. As a result, the recent decrease in crude oil prices has caused, and may continue to cause, many E&P companies to reevaluate their future capital expenditures in regards to deepwater projects.

Reports published by IHS-Petrodata at the end of March 2016 indicate that the worldwide movable offshore drilling rig count is estimated at approximately 930 rigs, of which approximately 500 offshore rigs were working as of the end of March 2016, a decrease of approximately 24%, or 154 working rigs, since the beginning of the company's 2016 fiscal year. While the supply of, and demand for, offshore drilling rigs that meet the technical requirements of end user exploration and development companies may be key drivers of pricing for contract drilling services, the company believes that the number of rigs working offshore rather than the total population of moveable offshore drilling rigs is a better indicator of overall offshore activity levels and the demand for offshore support vessel services.

Of the estimated 930 movable offshore rigs worldwide, approximately 33%, or approximately 305 rigs, are designed to operate in deeper waters. Of the approximately 500 working offshore rigs at the end of March 2016, approximately 145 rigs, or 29%, are designed to operate in deeper waters. As of March 2016, the number of working deepwater rigs was approximately 39%, or 93 rigs, less than the number of deepwater rigs working a year ago. It is also estimated that approximately 35% of the approximate 200 total offshore rigs currently under construction, or approximately 70 rigs, are being built to operate in deeper waters, suggesting that newbuild deepwater rigs represent 48% of the approximately 145 deepwater rigs working in March 2016. As such, there is some uncertainty as to whether the deepwater rigs currently under construction will, at least in the near to intermediate-term, increase the working fleet or merely replace older, less productive drilling units. As a result, it is not clear what impact the delivery of additional rigs (deepwater and otherwise) within the next several years will have on the working rig count, especially in an environment of expected reduced E&P spending.

Investment is also being made in the floating production unit market, with approximately 65 new floating production units under construction and expected to be delivered primarily over the next three years to supplement the approximately 350 floating production units already operating worldwide. Given the current economic environment, the risk of cancellation of some new build contracts or the stacking of operating but underutilized floating production units continues to increase.

Worldwide shallow-water exploration and production activity has also decreased during the last twelve months. According to IHS-Petrodata, there were approximately 315 working jack-up rigs as of March 2016 (64% of the 500 working offshore rigs), which is a decrease of approximately 19%, or 74 rigs, from the number of jack-up rigs working a year ago. The construction backlog for new jack-up rigs as of March 2016 (125 rigs) is comparable to the jack-up construction backlog as of March 2015, nearly all of which are scheduled for delivery in the next two years. As discussed above with regards to the deepwater rig market and recognizing that 125 newbuild jackup rigs represent 39% of the approximately 315 jack up rigs working in March 2016, there is also uncertainty as to how many of the jack-up rigs currently under construction will either increase the working fleet or replace older, less productive jack-up rigs.

Also, according to IHS-Petrodata, there are approximately 435 new-build offshore support vessels (deepwater PSVs, deepwater AHTS vessels and towing-supply vessels only) either under construction (355 vessels), on order or planned as of March 2016. The majority of the vessels under construction are scheduled to be delivered within the next 18-24 months; however, the company believes not all of these vessels will ultimately be completed based on current and expected future offshore E&P market conditions. Further increases in worldwide vessel capacity would tend to have the effect of lowering charter rates, particularly when there are lower levels of exploration, field development and production activity.

As of March 2016, the worldwide fleet of these classes of offshore support vessels (deepwater PSVs, deepwater AHTS vessels and towing-supply vessels only) is estimated at approximately 3,440 vessels which include approximately 640 vessels that are at least 25 years old and nearing or exceeding original expectations of their estimated economic lives. These older vessels, of which we estimate the majority are already stacked or not actively marketed by the vessels’ owners, could potentially be removed from the market in the near future if the cost of extending the vessels’ lives is not economical, especially in light of recent market conditions. Excluding the 640 vessels that are at least 25 years old from the overall population, the company estimates that the number of offshore support vessels under construction (355 vessels) represents approximately 13% of the remaining worldwide fleet of approximately 2,800 offshore support vessels.

In addition, we and other offshore support vessel owners have selectively stacked more recently constructed vessels as a result of the significant reduction in our customers’ offshore oil and gas-related activity and the resulting more challenging offshore support vessel market that has existed since late 2014. Should market conditions continue to deteriorate, the stacking or underutilization of additional more recently constructed vessels by the offshore supply vessel industry is likely.

Although the future attrition rate of the 640 older offshore support vessels cannot be determined with certainty, the company believes that the retirement and/or sale to owners outside of the oil and gas market of a vast majority of these aged vessels (a majority of which the company believes have already been stacked or are not being actively marketed to oil and gas development-focused customers by the vessels' owners) could mitigate the potential negative effects on vessel utilization and vessel pricing of (i) additional offshore support vessel supply resulting from the delivery of additional new-build vessels and (ii) reduced demand for offshore support vessels resulting from reduced E&P spending. Similarly, the cancellation or deferral of delivery of some portion of the 355 offshore support vessels that are under construction according to IHS-Petrodata would also mitigate the potential negative effects on vessel utilization and vessel pricing of reduced demand for offshore support vessels resulting from reduced E&P spending.

As discussed above, additional vessel demand, which also could mitigate the possible negative effects of the new-build vessels being added to the offshore support vessel fleet, could be created by the delivery of new drilling rigs and floating production units to the extent such new drilling rigs and/or floating production units both become operational and are not offset by the idling or retirement of existing active drilling rigs and floating production units

Although we believe investment in additional rigs, especially those capable of operating in deeper waters, indicates offshore rig owner's longer-term expectation for higher levels of activity, the decline in crude oil and natural gas prices, the reduction in spending expectations among E&P companies and the number of new-build vessels which are expected to deliver within the next 18-24 months indicates that there may be, at least in the short to intermediate-term, a period of potential overcapacity in the worldwide offshore support vessel fleet which may lead to lower utilization and average day rates across the offshore support vessel industry.

Principal Factors That Drive Our Revenues

The company's revenues, net earnings and cash flows from operations are largely dependent upon the activity level of its offshore marine vessel fleet. As is the case with the many 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 crude oil and natural gas prices, which fluctuate depending on expected future levels of supply and demand for crude oil and natural gas, and on estimates of the cost to find, develop and produce reserves.

The company's revenues in all segments are driven primarily by the company's fleet size, vessel utilization and day rates. Because a sizeable portion of the company's operating costs and its depreciation does not change proportionally with changes in revenue, the company's operating profit is largely dependent on revenue levels.

Principal Factors That Drive Our Operating Costs

Operating costs consist primarily of crew costs, repair and maintenance costs, insurance costs and loss reserves, 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, the company's newer, more technologically sophisticated PSVs and AHTS vessels generally require a greater number of specially trained, more highly compensated fleet personnel than the company's older, smaller and less sophisticated vessels. The delivery of new-build offshore rigs and support vessels currently under construction may further increase the number of technologically sophisticated offshore rigs and support vessels operating worldwide. Crew costs may continue to increase as competition for skilled personnel intensifies, though a weaker offshore energy market should somewhat mitigate the upward trend in crew costs experienced in recent years. Overall labor costs may also be impacted by the company's operation of remotely operated vehicles (ROVs), which generally require more highly compensated personnel than the company's existing fleet.

The timing and amount of repair and maintenance costs are influenced by expectations of future customer demand for our vessels, as well as vessel age and drydockings and other major repairs and maintenance mandated by regulatory agencies. A certain number of periodic drydockings are required to meet regulatory requirements. The company will generally incur drydocking and other major repairs and maintenance costs only if economically justified, taking into consideration the vessel's age, physical condition, contractual obligations, current customer requirements and future marketability. When the company elects to forego a required regulatory drydock or major or repairs and maintenance, it stacks and occasionally sells the vessel because it is not permitted to work without valid regulatory certifications. When the company drydocks a productive vessel, the company not only foregoes vessel revenues and incurs drydocking and other major repairs and maintenance costs, but it also generally continues to incur vessel operating and depreciation costs. In any given period, vessel downtime associated with drydockings and major repairs and maintenance can have a significant effect on the company's revenues and operating costs.

At times, major repairs and maintenance and drydockings take on an increased significance to the company and its financial performance. Older vessels may require frequent and expensive repairs and maintenance. Newer vessels (generally those built after 2000), which now account for a majority of the company's revenues and vessel margin (vessel revenues less vessel operating costs), can also require expensive major repairs and maintenance, even in the early years of a vessel's useful life, due to the larger relative size and greater relative complexity of these vessels. Conversely, when the company stacks vessels, repair and maintenance expense in any period could decline. The combination of these factors can create volatility in period to period repairs and maintenance expense, and incrementally increase the volatility of the company's revenues and operating income, thus making period-to-period comparisons of financial results more difficult.

Although the company attempts to efficiently manage its major repairs and maintenance and drydocking schedule, changes in the demand for (and supply of) shipyard services can result in heavy workloads at shipyards and inflationary pressure on shipyard pricing. In recent years, increases in major repair and maintenance and drydocking costs and days off hire (due to vessels being drydocked) have contributed to volatility in repair and maintenance costs and vessel revenue. In addition, some of the more recently constructed vessels are now experiencing their first or second required regulatory drydockings and associated major repairs and maintenance.

Insurance and loss reserves costs are dependent on a variety of factors, including the company's safety record and pricing in the insurance markets, and can fluctuate over time. The company's 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. The company also purchases coverage for potential liabilities stemming from third-party losses with limits that it believes are reasonable for its operations. 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. The company also incurs 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 and other miscellaneous costs. Brokers' commissions are incurred primarily in the company's non-United States operations where brokers sometimes assist in obtaining work for the company's vessels. Brokers generally are paid a percentage of day rates and, accordingly, commissions paid to brokers generally fluctuate in accordance with vessel revenue. Other costs include, but are not limited to, satellite communication fees, agent fees, port fees, canal transit fees, vessel certification fees, temporary vessel importation fees and any fines or penalties.

Results of Operations

Tidewater manages and measures its business performance in four distinct operating segments which are based on our geographical organization: Americas, Asia/Pacific, Middle East/North Africa, and Sub-Saharan Africa/Europe. The following table compares vessel revenues and vessel operating costs (excluding general and administrative expenses, depreciation expense, vessel operating leases, goodwill impairment, asset impairments and gains on asset dispositions) for the company's vessel fleet and the related percentage of vessel revenue for the years ended March 31. Vessel revenues and operating costs relate to vessels owned and operated by the company.

(In thousands)	2016	%	2015	%	2014	%
Vessel revenues:						
Americas	$342,995	36 %	505,699	35 %	410,731	29 %
Asia/Pacific	89,045	9 %	150,820	10 %	154,618	11 %
Middle East/North Africa	168,471	18 %	205,787	14 %	186,524	13 %
Sub-Saharan Africa/Europe	354,889	37 %	606,052	41 %	666,588	47 %
Total vessel revenues	$955,400	100%	1,468,358	100%	1,418,461	100%
Vessel operating costs:						
Crew costs	$303,219	32 %	428,131	29 %	396,332	28 %
Repair and maintenance	94,873	10 %	173,788	12 %	177,331	13 %
Insurance and loss reserves	8,585	1 %	17,683	1 %	19,628	1 %
Fuel, lube and supplies	61,992	6 %	88,272	6 %	76,609	5 %
Other	92,464	10 %	126,494	9 %	125,990	9 %
Total vessel operating costs	$561,133	59 %	834,368	57 %	795,890	56 %

The following table compares other operating revenues and costs related to the company's ROV and related subsea services operations, third-party activities of the company's shipyards, brokered vessels and other miscellaneous marine-related activities for the years ended March 31.

(In thousands)	2016	2015	2014
Other operating revenues	$23,662	27,159	16,642
Costs of other operating revenues	18,811	26,505	15,745

The following table presents vessel operating costs by the company's segments, the related segment vessel operating costs as a percentage of segment vessel revenues, total vessel operating costs and the related total vessel operating costs as a percentage of total vessel revenues for each for the fiscal years ended March 31.

(In thousands)	2016	%	2015	%	2014	%
Vessel operating costs:						
Americas:						
Crew costs	$103,647	30%	148,034	29%	122,790	30%
Repair and maintenance	37,761	11%	57,782	12%	49,693	12%
Insurance and loss reserves	3,065	1 %	5,095	1 %	5,530	1 %
Fuel, lube and supplies	19,566	6 %	26,792	5 %	20,045	5 %
Other	19,474	6 %	33,494	7 %	29,078	7 %
	183,513	54%	271,197	54%	227,136	55%
Asia/Pacific:						
Crew costs	$32,601	37%	62,660	41%	59,075	38%
Repair and maintenance	6,942	8 %	19,582	13%	11,772	8 %
Insurance and loss reserves	1,149	1 %	2,181	1 %	1,691	1 %
Fuel, lube and supplies	7,115	8 %	11,330	8 %	9,370	6 %
Other	8,157	9 %	8,667	6 %	9,824	6 %
	55,964	63%	104,420	69%	91,732	59%
Middle East/North Africa:						
Crew costs	$50,525	30%	62,517	31%	49,844	27%
Repair and maintenance	21,602	13%	25,228	12%	19,316	10%
Insurance and loss reserves	1,455	1 %	3,822	2 %	3,138	2 %
Fuel, lube and supplies	7,596	4 %	14,372	7 %	15,780	8 %
Other	13,127	8 %	15,183	7 %	13,145	7 %
	94,305	56%	121,122	59%	101,223	54%
Sub-Saharan Africa/Europe:						
Crew costs	$116,446	33%	154,920	26%	164,623	25%
Repair and maintenance	28,568	8 %	71,196	12%	96,550	14%
Insurance and loss reserves	2,916	1 %	6,585	1 %	9,269	1 %
Fuel, lube and supplies	27,715	8 %	35,778	6 %	31,414	5 %
Other	51,706	14%	69,150	11%	73,943	11%
	227,351	64%	337,629	56%	375,799	56%
Total vessel operating costs	$561,133	59%	834,368	57%	795,890	56%

The following table presents vessel operations general and administrative expenses by the company's four geographic segments, 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 for the years ended March 31.

(In thousands)	2016	%	2015	%	2014	%
Vessel operations general and						

administrative expenses:						
Americas	$31,536	9 %	42,917	8 %	40,869	10%
Asia/Pacific	12,382	14%	16,476	11%	16,668	11%
Middle East/North Africa	18,668	11%	19,869	10%	16,413	9 %
Sub-Saharan Africa/Europe	53,453	15%	65,233	11%	63,791	10%
Total vessel operations general and administrative expenses	$116,039	12%	144,495	10%	137,741	10%

The following table presents vessel operating leases by the company's four geographic segments, the related segment vessel operating leases as a percentage of segment vessel revenues, total vessel operating leases and the related total vessel operating leases as a percentage of total vessel revenues for the years ended March 31.

(In thousands)	2016	%	2015	%	2014	%
Vessel operating leases						
Americas	$26,506	8%	20,915	4%	8,492	2%
Asia/Pacific	—	—	—	—	—	—
Middle East/North Africa	—	—	—	—	1,711	1%
Sub-Saharan Africa/Europe	7,156	2%	7,407	1%	11,707	2%
Total vessel operating leases	$33,662	4%	28,322	2%	21,910	2%

The following table compares operating income and other components of earnings before income taxes, and its related percentage of total revenues for the years ended March 31.

(In thousands)	2016	%	2015	%	2014	%
Vessel operating profit:						
Americas (A)	$52,966	5 %	122,988	8 %	90,936	6 %
Asia/Pacific (A)	(1,687)	(<1%)	11,541	1 %	29,044	2 %
Middle East/North Africa	27,349	3 %	37,258	3 %	42,736	3 %
Sub-Saharan Africa/Europe	(4,490)	(<1%)	122,169	8 %	136,092	10 %
	74,138	8 %	293,956	20 %	298,808	21 %
Other operating loss	(4,564)	(<1%)	(8,022)	(1 %)	(1,930)	(<1%)
	69,574	8 %	285,934	19 %	296,878	21 %
Corporate general and administrative expenses	(34,078)	(3 %)	(40,621)	(3 %)	(47,703)	(4 %)
Corporate depreciation	(6,160)	(1 %)	(4,014)	(<1%)	(3,073)	(<1%)
Corporate expenses	(40,238)	(4 %)	(44,635)	(3 %)	(50,776)	(4 %)
Gain on asset dispositions, net	26,037	3 %	23,796	1 %	21,063	2 %
Asset impairments	(117,311)	(12%)	(14,525)	(1 %)	(9,341)	(1 %)
Goodwill impairment	—	—	(283,699)	(19%)	(56,283)	(4 %)
Restructuring charge	(7,586)	(1 %)	(4,052)	(<1%)	—	—
Operating income (loss)	$(69,524)	(7 %)	(37,181)	(3 %)	201,541	14 %
Foreign exchange gain	(5,403)	(1 %)	8,678	1 %	1,541	<1 %
Equity in net earnings (losses) of unconsolidated companies	(13,581)	(1 %)	10,179	1 %	15,801	1 %
Interest income and other, net	2,703	<1 %	1,927	<1 %	2,123	<1 %
Loss on early extinguishment of debt	—	—	—	—	(4,144)	(<1%)
Interest and other debt costs	(53,752)	(5 %)	(50,029)	(3 %)	(43,814)	(3 %)
Earnings (loss) before income taxes	$(139,557)	(14%)	(66,426)	(4 %)	173,048	12 %

(A) Americas fiscal 2016 figure excludes restructuring charges of $3.6 million. Asia/Pacific fiscal 2016 and 2015 amounts exclude restructuring charges of $4.0 million and $3.7 million, respectively. Refer to Other Items for further discussion of restructuring charges.

Fiscal 2016 Compared to Fiscal 2015

Consolidated Results. The company's revenue decreased 35%, or $516.5 million, in fiscal 2016 compared to fiscal 2015 and was primarily the result of customer reductions in exploration and production spending due to weak oil and gas fundamentals which reduced vessel utilization and average day rates of offshore supply vessels worldwide. The company's consolidated net loss increased 146%, or $95 million during fiscal 2016 despite the fiscal 2015 non-cash goodwill impairment charge of $283.7 million ($214.9 million after-tax, or $4.43 per share) recorded during the third quarter of fiscal 2015 as disclosed in Note (16) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K. Excluding the goodwill impairment charges taken in fiscal 2015 (net of associated tax benefits), net earnings decreased 210%, or $309.9 million, during fiscal 2016.

Vessel operating costs decreased 33%, or $273.2 million, during fiscal 2016 as compared to fiscal 2015. Crew costs decreased approximately 29%, or $124.9 million; repair and maintenance costs decreased 45%, or $78.9 million; insurance costs decreased 52%, or $9.1 million; other vessel costs decreased 27%, or $34 million; and supplies and fuel cost decreased 30%, or $26.3 million, primarily due to lower activity levels in fiscal 2016 as compared to 2015.

Depreciation and amortization expense increased 4%, or $7.1 million, in fiscal 2016 as compared to fiscal 2015 due to delivery of additional new vessels into the fleet during the last two fiscal years. General and administrative costs decreased 19%, or $36 million, reflecting cost control measures implemented by the company as a result of lower activity levels.

Asset impairments in fiscal year 2016 increased $102.8 million, from fiscal year 2015, primarily due to our stacking of underutilized vessels (as a result of the decrease in the volume of oil and gas exploration, field development and production spending by our customers) and a decline in offshore support vessel values.

Interest and other debt costs increased 7%, or $3.7 million, due primarily to lower amounts of capitalized interest as a result of a decrease in the number of vessels under construction and higher average borrowings during fiscal 2016.

Despite the net loss of $160.2 million and an operating loss of $69.5 million in fiscal 2016, net cash provided by operating activities was $253.4 million for fiscal 2016, in part, reflecting $182.3 million of depreciation and amortization expense, $117.3 million of non-cash impairment charges, and continuing efforts to collect receivables and amounts due from our Angolan joint venture.

Net cash used in investing activities declined $96.4 million to $135 million as $194.5 million of additions to property and equipment were partially offset by refunds from cancelled vessel construction contracts of $46.1 million and proceeds from asset sales of $10.7 million.

As of March 31, 2016 and 2015 the company's net debt to net capitalization ratio was 37.4% and 37.0%, respectively. The ratio was slightly higher in fiscal 2016 primarily due to the net loss in fiscal 2016 which was partially offset by debt payments made during the year. The ratio of net debt to net capitalization is calculated by the company by dividing total debt, net of cash and cash equivalents as of the balance sheet dates by the sum of shareholders' equity and debt, net of cash and cash equivalents and is relevant and useful to the company in order to determine financial leverage relative to peers and the company's ability to comply with existing debt agreements.

At March 31, 2016, the company had 269 owned or chartered vessels (excluding joint-venture vessels and vessels withdrawn from service) in its fleet with an average age of 9.8 years. At March 31, 2016, the average age of 248 newer vessels in the fleet (defined as vessels acquired or constructed since calendar year 2000 as part of the company's new build and acquisition program) is 8.2 years. The remaining 21 vessels, of which 13 are stacked at fiscal year-end, have an average age of 28.6 years.

Americas Segment Operations. Vessel revenues in the Americas segment decreased 32%, or $162.7 million, during the fiscal year ended March 31, 2016, as compared to fiscal 2015, due primarily to lower utilization and average day rates across all vessel classes and a decrease in the number of active vessels which were on-hire during the current fiscal year, most notably deepwater vessels, for which revenues decreased 33%, or $117.7 million, during the comparative periods. During fiscal 2016, as compared to fiscal 2015, deepwater vessels experienced a decrease in utilization of 28 percentage points and a decrease in average day rates of 14%. Revenues related to towing supply vessels also decreased 26%, or $32.3 million, during these comparative periods, primarily as a result of decreased in utilization of 15 percentage points. In addition, there were fewer towing supply vessels in active service during the fiscal 2016 as compared to fiscal 2015.

The overall decreased day rates and utilization is primarily the result of a decrease in the level of oil and gas exploration, field development and production spending in the region due to lower crude oil and natural gas prices, which resulted in our stacking underutilized vessels in the region.

At the beginning of fiscal 2016, the company had 11 stacked Americas-based vessels. During fiscal year 2016, the company stacked 24 additional vessels, sold six vessels from the previously stacked vessel fleet and returned one previously stacked vessel to service, resulting in a total of 28 stacked Americas-based vessels as of March 31, 2016.

Operating profit for the Americas segment decreased 57%, or $70 million during fiscal year 2016 as compared to fiscal year 2015, primarily due to lower revenues. As a result of decreases in vessel activity and cost control measures, operating costs (primarily crew costs and repair and maintenance costs) and general and administrative costs in the Americas segment have also decreased, but were partially offset by an increase in vessel lease expenses.

Crew costs decreased 30%, or $44.4 million; repair and maintenance costs decreased 35%, or $20 million; and general and administrative costs decreased 27%, or $11.4 million during fiscal year 2016 as compared to fiscal year 2015 due to the decrease in operating activity in the segment and the deferral of drydockings due, in part, to the stacking of vessels. Vessel operating lease costs increased 27%, or $5.6 million during fiscal year 2016 due to the increase in the number of leased vessels operated by the company in the U.S. Gulf of Mexico and Mexico as vessels operated under leasing arrangements were transferred in to the Americas segment from other segments and because vessels leased during fiscal 2015 incurred a full year of lease expense in fiscal 2016.

Asia/Pacific Segment Operations. Vessel revenues in the Asia/Pacific segment decreased 41%, or $61.8 million, during fiscal year 2016, as compared to fiscal year 2015, due to lower utilization and average day rates across all vessel classes. Deepwater vessel revenue decreased during these comparative periods 36%, or $33.7 million, due to decreases in average day rates of 14% and decreases in utilization of 31 percentage points. Towing supply vessels also experienced a revenue decrease of 47%, or $25.1 million, during the comparative periods. During fiscal year 2016 as compared to fiscal year 2015, towing supply vessels experienced a decrease in utilization of 14 percentage points and a decrease in average day rates of 43%. The overall decreased day rates and utilization is primarily the result of a decrease in the volume of oil and gas exploration, field development and production spending in the region due to currently depressed crude oil and natural gas prices which has led to the increased stacking of underutilized vessels in the region.

At the beginning of fiscal 2016, the company had one stacked Asia/Pacific-based vessel. During fiscal year 2016, the company stacked 19 additional vessels and returned four previously stacked vessels to service, resulting in a total of 16 stacked Asia/Pacific-based vessels as of March 31, 2016.

Operating profit for the Asia/Pacific segment decreased 115%, or $13.2 million, during fiscal year 2016 as compared to fiscal year 2015, primarily due to the reduction in revenue during the comparative periods which was partially offset by reductions in vessel operating costs (primarily crew costs and repair and maintenance) and general and administrative expenses.

Crew costs decreased 48%, or $30.1 million, due to the reduction of operations in fiscal year 2016 as compared to fiscal year 2015, especially as related to our Australian operations as those operations have been significantly curtailed. Repair and maintenance costs decreased 65%, or $12.6 million, due to a reduction in the number of drydockings as vessels have been moved from the region or stacked as a result of prevailing crude oil and gas E&P market conditions. General and administrative expenses also decreased 25%, or $4.1 million, due to cost control measures implemented by the company in response to the decline of vessel activity in the region especially as related to our Australian operations.

Middle East/North Africa Segment Operations. Vessel revenues in the Middle East/North Africa segment decreased 18%, or $37.3 million, during fiscal year 2016 as compared to fiscal year 2015, primarily due to decreased revenue from towing supply vessels of 22%, or $26.1 million, during the comparative periods. The decrease in revenue from towing supply vessels is a result of the decrease in utilization for this vessel class, which was nine percentage points lower, and a decrease in average day rates which were 12% lower. During fiscal 2016 there were also fewer towing supply vessels in active service as compared to the preceding fiscal year. Additionally, the segment experienced a decrease in revenues from deepwater vessels of 13%, or $10.7 million, during the fiscal year 2016 due primarily to a decrease in utilization of 13 percentage points and a decrease in average day rates of 13%. While not as severe as other segments, the decrease in overall vessel activity in fiscal 2016 is a result of a decrease in the volume of oil and gas exploration, development and production spending in the region as some countries in the segment have maintained a comparatively higher level of production.

At the beginning of fiscal 2016, the company had two stacked Middle East/North Africa-based vessels. During the fiscal year the company stacked seven additional vessels, resulting in a total of nine stacked Middle East/North Africa-based vessels as of March 31, 2016.

Operating profit for the Middle East/North Africa segment decreased 27%, or $9.9 million, during fiscal year 2016 as compared to fiscal year 2015, primarily due to the reductions in vessel revenues but were partially offset by decreases in vessel operating costs (primarily crew costs and fuel, lube and supplies costs) and general and administrative costs.

Crew costs decreased 19%, or $12 million, and fuel, lube and supplies costs decreased 47%, or $6.8 million, during the comparative periods as a result of decreased vessel activity in the region as a result of softer E&P market conditions. General and administrative costs have also decreased 6%, or $1.2 million, during the comparative periods and are attributable to cost control measures implemented by the company.

Sub-Saharan Africa/Europe Segment Operations. Vessel revenues in the Sub-Saharan Africa/Europe segment decreased 41%, or $251.2 million, during fiscal year 2016 as compared to fiscal year 2015, due to decreased revenues across all vessel classes. Revenues from deepwater vessels decreased 53%, or $171.7 million, during fiscal year 2016, as compared to fiscal year 2015, primarily due to a utilization decrease of 26 percentage points and a decrease in average day rates of 31%. Revenues from towing supply vessels decreased 28%, or $57.9 million, during the comparative periods, primarily due to a decrease in utilization of 15 percentage points. Decreases to utilization and average day rates in the Sub-Saharan Africa/Europe are a result of a decrease in the volume of oil and gas exploration, development and production spending in the region which has led to the increased stacking of underutilized vessels in the region. During fiscal 2016 there were fewer vessels in active service in the Sub-Saharan Africa/Europe segment across all vessel classes as compared to fiscal year 2015.

At the beginning of fiscal 2016, the company had seven stacked Sub-Saharan Africa/Europe-based vessels. During the fiscal year the company stacked 28 additional vessels, sold nine vessels from the previously stacked vessel fleet and returned two previously stacked vessels to work resulting in a total of 24 stacked Sub-Saharan Africa/Europe-based vessels as of March 31, 2016.

Operating profit for the Sub-Saharan Africa/Europe segment decreased 104%, or $126.7 million, during fiscal year 2016 as compared to fiscal year 2015, primarily due to decreased revenues, which were partially offset by decreases in vessel operating costs (primarily crew costs and repair and maintenance costs) and decreases to general and administrative costs during the same comparative periods.

Crew costs decreased 25%, or $38.5 million, during fiscal year 2016 as compared to fiscal year 2015 due to reduced operating activity in the region. Repair and maintenance costs decreased 60%, or $42.6 million, during the same comparative periods as drydockings in the current fiscal year have been deferred or cancelled as vessels are stacked as a result of prevailing crude oil and gas E&P market conditions. General and administrative costs have also decreased 18%, or $11.8 million, during the comparative periods and are attributable to cost control measures implemented by the company.

Other Items. In the fourth quarter of fiscal 2015 the Company's management initiated a plan to begin reorganizing its operations worldwide as a result of the continuing decline in oil prices and the resulting softening demand for the company's vessels. This plan consisted of select employee terminations and early retirements that are intended to eliminate redundant or unneeded positions, reduce costs, and better align our workforce with anticipated activity levels in the geographic areas in which the company presently operates. In connection with these efforts, the company recognized a $4.1 million restructuring charge during the quarter ended March 31, 2015.

In fiscal 2016 the company's management continued to restructure its operations to reduce operating costs as a result of the continuing decline in oil prices and the resulting softening demand for the company's vessels, and several contract cancellations (particularly in regards to the company's Brazil operations). This plan also consisted of select employee terminations and early retirements to eliminate redundant or unneeded positions, reduce costs, and better align our workforce with anticipated lower activity levels in the geographic areas in which the company presently operates. In connection with these efforts, the company recognized a $7.6 million restructuring charge during the quarter ended September 30, 2015. Although no payments were made related to this charge as of September 30, 2015, the company paid $7.4 million of restructuring costs during the six months ended March 31, 2016.

Measures taken during these restructurings include the transfer and stacking of vessels from the company's Australian and Brazilian operations which resulted in the termination of mariners who were entitled to severance payments under the terms of the enterprise bargaining agreements and in accordance with Australian and Brazilian labor laws.

Restructuring charges incurred by segment and cost type for the fiscal years ended March 31, are as follows:

(In thousands)	2016	2015
Americas:		
Crew costs	$3,410	—
Other vessel costs	203	—
Asia/Pacific:		
Crew costs	3,973	3,697
Corporate:		
General and administrative expenses	—	355
Total restructuring charges	$7,586	4,052

Insurance and loss reserves expense decreased 51%, or $9.1 million, during fiscal year 2016 as compared to fiscal year 2015 primarily due to decreases in premiums and claims due to lower levels of vessel activity since March 31, 2015.

Included in gain on asset dispositions, net for fiscal year 2016 is $23.4 million of amortized gains from sale leaseback transactions and $2.6 million of net gains related the sale of vessels and other assets. During fiscal year 2015 the company recognized $17.7 million of amortized gains from sale leaseback transactions which are also included in gain on asset dispositions, net.

Asset impairments recognized for fiscal year 2016 increased $102.8 million, from fiscal year 2015, primarily due to our stacking underutilized vessels and a decline in offshore support vessel values as a result of the decrease in the volume of oil and gas exploration, field development and production spending by our customers. During fiscal year 2016 the company recognized impairments of $95.4 million on stacked vessels, $5.1 million on active vessels, a $2.4 million impairment related to a vessel under construction that is currently the subject of an arbitration proceeding in Brazil (so as to reduce the carrying value of this vessel to the amount that is covered by third party credit support), a $2.3 million impairment related to the cancellation of vessel construction contracts and $12.1 million related to the write-down of inventory and the impairment of other assets.

The company reviews the vessels in its active fleet for impairment whenever events occur or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable and also performs a review of its stacked vessels not expected to return to active service every six months or whenever changes in circumstances indicate that the carrying amount of a vessel may not be recoverable. In the event that offshore E&P industry conditions continue to deteriorate, or persist at current levels, the company could be subject to additional vessel impairments in future periods.

The table below summarizes the combined fair value of the assets that incurred impairments during the fiscal years ended March 31, 2016 and 2015, along with the amount of impairment.

(In thousands)	2016	2015
Amount of impairment incurred	$117,311	14,525
Combined fair value of assets incurring impairment	422,655	28,509

During fiscal year 2016, the company recognized a foreign exchange loss of $5.4 million, primarily related to the revaluation of foreign currency denominated monetary assets and liabilities to the U.S. dollar reporting currency, most notably the devaluation of the Brazilian reais relative to the U.S. dollar. Additionally, during fiscal year 2016, the entities which comprise the operations of the Sonatide joint venture in Angola recognized foreign exchange losses of approximately $49.2 million, primarily as a result of the devaluation relative to the U.S. dollar of Angolan kwanza-denominated bank balances. The company has recognized (through equity in net earnings/(losses) of unconsolidated companies) 49% of Sonatide’s total foreign exchange loss, or approximately $24.1 million.

Fiscal 2015 Compared to Fiscal 2014

Consolidated Results. Despite the decrease in day rates and utilization towards the end of fiscal 2015, the company's revenue increased $60.4 million, or 4%, over the revenues earned during fiscal 2014 and were primarily attributable to increases in demand in certain markets and the additions of new vessels delivered or acquired during the current fiscal year. The company's consolidated net earnings decreased 130%, or $181.6 million during fiscal 2015 largely due to a $283.7 million non-cash goodwill impairment charge ($214.9 million after-tax, or $4.43 per share) recorded during the third quarter of fiscal 2015 as disclosed in Note (16) of Notes to Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K. Excluding the goodwill impairment charges taken in fiscal 2015 and fiscal 2014 (net of associated tax benefits), net earnings decreased approximately 19%, or approximately $34 million, during fiscal 2015.

Vessel operating costs increased 5%, or $38.5 million, during fiscal 2015 as compared to fiscal 2014. Crew costs increased approximately 8%, or $31.8 million, during fiscal 2015 as compared to fiscal 2014, primarily because of the new vessels delivered or acquired in the current fiscal year and the overall higher cost of personnel. Fuel, lube and supplies costs increased 15%, or $11.7 million, during fiscal 2015 as compared to fiscal 2014, primarily due to the repositioning of vessels to areas with more attractive contract opportunities.

Depreciation and amortization expense increased 5%, or $7.7 million, in fiscal 2015 as compared to fiscal 2014 due to delivery of additional new vessels into the fleet and the higher acquisition/construction costs of the company's newer, more sophisticated vessels. General and administrative costs increased 1%, or $1.8 million, primarily due to the ramp up of shore-based personnel to support the company's subsea operations and vessel operations in the Americas and Middle East/North Africa regions and the inclusion of Troms' administrative related costs for a full fiscal year.

Interest and other debt costs also increased $6.2 million, or 14%, due to an increase in borrowings during fiscal 2015. The overall decrease to pre-tax earnings and a decrease in the effective tax rate, contributed to a 103%, or $33.9 million decrease to income tax expense. Adjusting for the goodwill impairment and related tax effects, the increase in the effective tax rate for the year ended March 31, 2015 as compared to the year ended March 31, 2014 is primarily due to a $17.8 million valuation allowance recorded against the company's net deferred tax assets. Cumulative losses in recent years and losses expected in the near term result in it being more likely than not that the net deferred tax assets will not be realized in the foreseeable future. Of the $283.7 million goodwill impairment charge recognized in fiscal 2015, $45.2 million was non-deductible for U.S. income tax purposes, the effect of which was to increase the effective tax rate for the year ended March 31, 2015.

At March 31, 2015, the company had 279 owned or chartered vessels (excluding joint-venture vessels and vessels withdrawn from service) in its fleet with an average age of 9.5 years. At March 31, 2015, the average age of 254 newer vessels in the fleet (defined as those that have been acquired or constructed since calendar year 2000 as part of the company's new build and acquisition program) is 7.7 years. The remaining 25 vessels, of which 9 are stacked at fiscal year-end, have an average age of 28.4 years.

During fiscal 2015 and 2014, the company's newer vessels generated $1,419 million and $1,342 million, respectively, of consolidated vessel revenue and accounted for 97%, or $615.1 million, and 96%, or $602.2 million, respectively, of total vessel margin (vessel revenues less vessel operating costs). Vessel operating costs during fiscal 2015 and 2014 for the company's new vessels excludes depreciation expense of $170.3 million and $152.9 million, and vessel operating lease expense of $28.3 million and $21.9 million respectively.

Americas Segment Operations. Vessel revenues in the Americas segment increased approximately 23%, or $95 million, during fiscal 2015 as compared to fiscal 2014, primarily due to higher revenues earned on both the deepwater and towing-supply vessel classes. Revenues from the deepwater vessel class increased 34%, or $89.5

million, during the same comparative periods, due to a nine percentage point increase in utilization, and due to an increased number of deepwater vessels operating in the region as a result of newly delivered vessels and vessels transferred into the Americas region from other regions primarily as a result of the increased demand for deepwater drilling services in Brazil and the U.S. GOM during fiscal 2015. Revenues from the towing-supply vessels increased 9%, or $10 million, during the same comparative periods, due to an increase in utilization of 16 percentage points.

Within the Americas segment, the company continued to stack, and in some cases, dispose of, vessels that could not find attractive charters. At the beginning of fiscal 2015, the company had 10 stacked Americas-based vessels. During fiscal 2015, the company stacked seven additional vessels and disposed of six vessels from the previously stacked vessel fleet, resulting in a total of 11 stacked Americas-based vessels as of March 31, 2015.

Operating profit for the Americas segment increased approximately 35%, or $32.1 million, during fiscal 2015 as compared to fiscal 2014, primarily due to higher revenues, which were offset by a 19%, or $44.1 million, increase in vessel operating costs (primarily crew costs, repair and maintenance costs, fuel, lube and supplies costs and other vessel costs), an increase in vessel operating lease costs, an increase in depreciation expense and an increase in general and administrative expenses.

Crew costs increased 21%, or $25.2 million, during fiscal 2015 as compared to fiscal 2014, primarily due to an increase in the number of vessels operating in this segment. Repair and maintenance costs increased 16%, or $8.1 million, during the same comparative periods, due to an increase in the number and cost of drydockings performed. Fuel, lube and supplies costs increased 34%, or $6.7 million, during the same comparative periods, due to the mobilization of larger deepwater vessel into the region. Other vessel costs increased 15%, or $4.4 million, during the same comparative periods, due to the number of vessel deliveries into the segment during fiscal 2015. Vessel operating lease costs increased 146%, or $12.4 million, during fiscal 2015 as compared to fiscal 2014, due to the increase in the number of vessels operated by the company in the U.S. GOM pursuant to leasing arrangements. Depreciation expense increased 10%, or $4.4 million, during the same comparative periods, due to the increase in the number of deepwater vessels operating in the area, which was partially offset by the disposition of vessels in the Americas segment pursuant to sale/lease transactions. General and administrative expenses increased 5%, or $2 million, during the same comparative periods in order to support the higher levels of activity in the segment during fiscal 2015.

Asia/Pacific Segment Operations. Vessel revenues in the Asia/Pacific segment decreased approximately 3%, or $3.8 million, during fiscal 2015 as compared to fiscal 2014 primarily due to decreases in revenues from the towing-supply vessel class. Revenues earned on the towing-supply vessels decreased $9.3 million, or 15%, during the same comparative periods, due to a number of towing-supply vessels transferring out of the non-Australia areas within the Asia/Pacific segment to other segments where charter opportunities for this class of vessel were considered by the company to be more attractive. The decrease in revenues earned on the towing-supply vessels were offset by an increase in revenues earned on the deepwater vessels. Deepwater vessels revenues increased $6.3 million, or 7%, during the comparative periods, due to a net increase in the number of deepwater vessels operating the in the area, most notably in Australia.

At the beginning of fiscal 2015, the company did not have any stacked Asia/Pacific vessels. During fiscal 2015, the company stacked two vessels and reactivated one stacked vessel, resulting in a total of one stacked Asia/Pacific-based vessel as of March 31, 2015.

Operating profit for the Asia/Pacific segment decreased $17.5 million, or 60%, during fiscal 2015 as compared to fiscal 2014, primarily due a $12.7 million, or 14%, increase in vessel operating costs (primarily crew costs, repair and maintenance costs and fuel, lube and supplies costs) and an increase in depreciation expense.

Crew costs increased 6% or $3.6 million, during fiscal 2015 as compared to fiscal 2014, due to increased headcount on vessels manned for certain projects and ramp up of crew work on new contracts in Australia. Repair and maintenance costs increased 66%, or $7.8 million, during the same comparative periods, due to an increase in the number of scheduled drydocks and additional inspections performed to prepare vessels for certain projects (also in Australia). Fuel, lube and supplies costs increased 21%, or $2 million, and depreciation expense increased 7%, or $1.2 million during the same comparative periods, as a result of a larger number of deepwater vessels operating the in region for most of the fiscal year.

Middle East/North Africa Segment Operations. Vessel revenues in the Middle East/North Africa segment increased approximately 10%, or $19.3 million, during fiscal 2015 as compared to fiscal 2014 primarily due to increases in revenues from the deepwater vessel class. Deepwater vessel revenue increased 28%, or $18.8 million, during the comparative periods, due to an increase in the number of deepwater vessels operating in the segment and a 9% increase in average day rates. Increases in vessel revenues in the Middle East/North Africa segment is primarily the result of increased scale of operations in the Black Sea and offshore Saudi Arabia (which, in turn was primarily driven by an increase in the number of offshore rigs working in these areas).

Increases in dayrates in Middle East/North Africa reflect the transfer of larger, higher specification vessels from other regions into the Middle East/North Africa region and lump sum mobilization fees.

At the beginning of fiscal 2015, the company had one stacked Middle East/North Africa-based vessel. During fiscal 2015, the company stacked two additional vessels and disposed of one vessel previously stacked, resulting in a total of two stacked Middle East/North Africa-based vessels as of March 31, 2015.

Operating profit for the Middle East/North Africa segment decreased $5.5 million, or 13%, during fiscal 2015 as compared to fiscal 2014, primarily due to a 20%, or $19.9 million, increase in vessel operating costs (primarily crew costs, repair and maintenance costs and other vessel costs), an increase in depreciation expense and an increase in general and administrative expenses, which were partially offset by higher revenues.

Crew costs increased 25%, or $12.7 million; other vessel costs increased 16%, or $2 million; and depreciation expense increased 13%, or $3.1 million, during fiscal 2015 as compared to fiscal 2014, primarily due to an increase in the number of vessels operating in the segment. Repair and maintenance costs increased 31%, or $5.9 million, during the same comparative periods, due to an increase in the number of drydockings performed in fiscal 2015 and the outfitting of vessels in preparation for the start of new term contracts. General and administrative expenses increased 21%, or $3.5 million, due to the increase in shore passed personnel, primarily to support a higher level of activity in Saudi Arabia and in the Black Sea.

Sub-Saharan Africa/Europe Segment Operations. Vessel revenues in the Sub-Saharan Africa/Europe segment decreased approximately 9%, or $60.5 million, during fiscal 2015 as compared to fiscal 2014, primarily due to a decrease in revenues from both the deepwater and towing-supply vessel classes. Revenues earned on the deepwater vessels decreased 11%, or $38.4 million, and revenues earned on the towing-supply vessels decreased 10%, or $22.9 million, during the comparative periods, primarily due to a reduction in the number of vessels in Sub-Saharan Africa due to transfers of vessels from Sub-Saharan Africa (in particular, Angola) to other regions. These decreases were somewhat offset by increases in vessel revenues generated by the company’s European operations driven by the acquisition of Troms Offshore which occurred during fiscal 2014.

At the beginning of fiscal 2015, the company had four stacked Sub-Saharan Africa/Europe-based vessels. During fiscal 2015, the company stacked nine additional vessels, reactivated one vessel and disposed of five vessels from the previously stacked vessel fleet, resulting in a total of seven stacked Sub-Saharan Africa/Europe-based vessels as of March 31, 2015.

Operating profit for the Sub-Saharan Africa/Europe segment decreased approximately 10%, or $13.9 million, during fiscal 2015 as compared to fiscal 2014, primarily due to lower revenues, partially offset by a 10%, or $38.2 million, decrease in vessel operating costs (primarily crew costs, repair and maintenance costs and other vessel costs), a decrease in vessel operating lease costs and a decrease in depreciation expense.

Crew costs decreased 6%, or $9.7 million; other vessel costs decreased 7%, or $4.8 million; and depreciation expense decreased 7%, or $5.6 million, during fiscal 2015 as compared to fiscal 2014, due to a decrease in the number of vessels operating in the segment. Repair and maintenance costs decreased 26%, or $25.4 million, during the same comparative periods, due to a fewer number of drydockings performed during the current period. Vessel operating lease costs decreased 37%, or $4.3 million, during the same comparative periods, as vessels operated under lease arrangements transferred to other segments.

Other Items. A goodwill impairment charge of $283.7 million was recorded during the quarter ended December 31, 2014. Please refer to the “Goodwill” section of Management Discussion and Analysis of this report for a discussion on the company’s goodwill impairment.

In the fourth quarter of fiscal 2015 the Company’s management initiated a plan to begin reorganizing its operations worldwide as a result of the continuing decline in oil prices and the resulting softening demand for the company’s vessels. This plan consists of select employee terminations and early retirements that are intended to eliminate redundant or unneeded positions, reduce costs, and better align our workforce with anticipated activity levels in the geographic areas in which the company presently operates. In connection with these efforts, the company recognized a $4.1 million restructuring charge during the quarter ended March 31, 2015.

Reorganization efforts in fiscal 2015 most significantly included the redeployment of vessels from our Australian operation to other international markets where opportunities to profitably operate such vessels were considered more robust. The departure of these vessels from the Australian market and the associated reductions in onshore and offshore staffing resulted in the termination of a number of mariners who were entitled to severance payments under the terms of the enterprise bargaining agreement and in accordance with Australian labor laws.

Insurance and loss reserves expense decreased $1.9 million, or 10%, during fiscal 2015 as compared to fiscal 2014, primarily due to downward adjustments to case-based and other reserves.

Gain on asset dispositions, net during fiscal 2015 decreased $2.5 million, or 21%, as compared to fiscal 2014. This decrease is primarily due to a decrease in the number of vessels sold during the current fiscal year as well as an increase in impairments related to vessels and other assets. Included in gain on asset dispositions, net for fiscal year 2015 are $17.7 million of deferred gain amortization related to sale/leaseback transactions. Also included in gain on asset dispositions, net is a gain related to the reversal of an accrued $3 million liability related to contingent consideration potentially payable to the former owners of Troms Offshore based on the achievement by the Troms operation of certain performance metrics subsequent to the acquisition by the company. The company's current expectation is that such performance metrics will not be achieved.

The company performed reviews of its assets for impairment during fiscal 2015 and 2014. The below table summarizes the combined fair value of the assets that incurred impairments along with the amount of impairment during the years ended March 31. The impairment charges were recorded in gain on asset dispositions, net.

(In thousands)	2015	2014
Amount of impairment incurred	$14,525	9,341
Combined fair value of assets incurring impairment	28,509	11,149

Vessel Class Revenue and Statistics by Segment

Vessel utilization is determined primarily by market conditions and to a lesser extent by major repairs and maintenance and drydocking requirements. Vessel day rates are determined by the demand created largely through the level of offshore exploration, field development and production spending by energy companies relative to the supply of offshore support vessels. Specifications of available equipment and the scope of service provided may also influence vessel day rates. Vessel utilization rates are calculated by dividing the number of days a vessel works during a reporting period by the number of days the vessel is available to work in the reporting period. As such, stacked vessels depress utilization rates because stacked vessels are considered available to work, and as such, are included in the calculation of utilization rates. Average day rates are calculated by dividing the revenue a vessel earns during a reporting period by the number of days the vessel worked in the reporting period.

Vessel utilization and average day rates are calculated on all vessels in service (which includes stacked vessels and vessels undergoing major repairs and maintenance and/or in drydock) but do not include vessels owned by joint ventures (nine vessels at March 31, 2016). The following tables compare revenues, day-based utilization percentages and average day rates by vessel class and in total for each of the quarters in the years ended March 31:

REVENUE BY VESSEL CLASS:

(In thousands)

Fiscal Year 2016	First	Second	Third	Fourth	Year
Americas fleet:					
Deepwater	$80,152	61,776	49,792	43,802	235,522
Towing-supply	29,515	24,121	22,254	16,878	92,768
Other	4,505	3,313	3,917	2,970	14,705
Total	$114,172	89,210	75,963	63,650	342,995
Asia/Pacific fleet:					
Deepwater	$19,833	23,435	13,267	4,318	60,853
Towing-supply	8,104	8,738	5,877	5,473	28,192
Other	—	—	—	—	—
Total	$27,937	32,173	19,144	9,791	89,045
Middle East/North Africa fleet:					
Deepwater	$20,386	20,769	17,690	15,718	74,563
Towing-supply	26,189	23,914	21,795	19,276	91,174
Other	691	653	699	691	2,734
Total	$47,266	45,336	40,184	35,685	168,471
Sub-Saharan Africa/Europe fleet:					
Deepwater	$53,966	39,955	30,361		