

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

/X/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 - For the Quarterly Period Ended September 30, 1996

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

72-0487776

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification Number)

1440 Canal Street, Suite 2100, New Orleans, Louisiana

70112

(Address of principal executive offices)

(Zip Code)

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

NOT APPLICABLE

Former name, former address and former fiscal year,
if changed since last report.

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 of 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

62,026,097 shares of Tidewater Inc. common stock \$.10 par value per share were
outstanding on October 21, 1996. Registrant has no other class of common stock
outstanding.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements
TIDEWATER INC.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

ASSETS	September 30, 1996	March 31, 1996
Current assets:		
Cash, including temporary cash investments	\$ 28,114	28,768
Marketable securities	6,188	---
Trade and other receivables	170,907	144,472
Inventories	32,983	31,346
Other current assets	3,771	4,350
Total current assets	241,963	208,936
Investments in, at equity, and advances to unconsolidated companies	19,748	35,861
Properties and equipment:		
Marine equipment	1,270,637	1,210,876
Compression equipment	316,376	324,069
Other	41,967	41,240
Less accumulated depreciation	1,628,980 926,140	1,576,185 916,412
Net properties and equipment	702,840	659,773
Other assets	73,216	73,630
Total assets	\$ 1,037,767	978,200
=====		
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	---	2,934
Accounts payable and accrued expenses	76,242	70,546
Accrued property and liability losses	14,347	10,844
Income taxes	5,491	1,356
Total current liabilities	96,080	85,680
Deferred income taxes	81,728	76,579
Accrued property and liability losses	33,009	34,206
Other liabilities and deferred credits	45,316	42,985
Stockholders' equity:		
Common stock of \$.10 par value; issued		
62,022,356 shares at September and		
61,882,695 shares at March	6,202	6,188
Additional paid-in capital	423,688	421,655
Retained earnings	363,012	322,736
Unrealized investment gain	128	---
Total stockholders' equity	793,030	750,579
Less:		
Cumulative foreign currency translation adjustment	10,427	10,771
Deferred compensation - restricted stock	969	1,058
Total stockholders' equity	781,634	738,750
Total liabilities and stockholders' equity	\$ 1,037,767	978,200
=====		

See Notes to Unaudited Condensed Consolidated Financial Statements.

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

	Quarter Ended September 30,		Six Months Ended September 30,	
	1996	1995	1996	1995
Revenues:				
Marine operations	\$ 167,691	132,726	314,330	260,780
Compression operations	26,181	28,034	55,436	55,073
	193,872	160,760	369,766	315,853
Costs and expenses:				
Marine operations	96,579	79,834	187,795	161,818
Compression operations	14,625	14,870	31,513	28,777
Depreciation	20,816	20,733	40,833	41,379
General and administrative	15,823	14,241	30,898	28,755
	147,843	129,678	291,039	260,729
Other income (expenses):				
Foreign exchange loss	(397)	(29)	(254)	(210)
Gains on sales of assets	561	1,163	1,995	4,552
Equity in net earnings of unconsolidated companies	1,176	1,940	2,419	3,036
Minority interests	(162)	(298)	(340)	(765)
Interest and miscellaneous income	1,345	1,218	2,256	1,882
Interest and other debt costs	(121)	(1,779)	(534)	(4,244)
	2,402	2,215	5,542	4,251
Earnings before income taxes	48,431	33,297	84,269	59,375
Income taxes	15,479	10,866	26,947	19,517
Net earnings	\$ 32,952	22,431	57,322	39,858
Primary and fully-diluted earnings per common share:	\$.53	.36	.92	.64
Weighted average common shares and equivalents	62,594,928	62,097,561	62,628,126	62,054,663
Cash dividends declared per common share	\$.15	.125	.275	.225

See Notes to Unaudited Condensed Consolidated Financial Statements.

TIDEWATER INC.
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (In thousands)

	Quarter Ended September 30,		Six Months Ended September 30,	
	1996	1995	1996	1995
Net cash provided by operating activities	\$ 43,109	41,051	88,776	83,635
Cash flows from investing activities:				
Proceeds from sales of assets	2,348	5,499	7,427	11,537
Additions to properties and equipment	(19,625)	(10,572)	(32,451)	(16,491)
Purchase of marketable securities	(6,060)	---	(6,060)	---
Acquisition of joint-venture interest, net of cash acquired	---	---	(3,435)	---
Dividends received from unconsolidated companies, net of additional investments	887	2,406	3,830	3,718
Dividends paid to minority interests	(66)	(73)	(724)	(899)
Other	---	(129)	---	(385)
Net cash used in investing activities	(22,516)	(2,869)	(31,413)	(2,520)
Cash flows from financing activities:				
Principal payments on long-term debt	(17,464)	(24,173)	(43,018)	(65,055)
Cash dividends paid	(9,302)	(6,663)	(17,046)	(11,987)
Proceeds from issuance of common stock	317	658	2,047	1,018
Other	---	41	---	41
Net cash used in financing activities	(26,449)	(30,137)	(58,017)	(75,983)
Net increase (decrease) in cash, including temporary cash investments	(5,856)	8,045	(654)	5,132
Net increase in cash for Hornbeck Offshore Services for the quarter ended 3/31/95	---	---	---	4,980
Cash, including temporary cash investments at beginning of period	33,970	25,341	28,768	23,274
Cash, including temporary cash investments at end of period	\$ 28,114	33,386	28,114	33,386
Supplemental disclosure of cash flow information:				
Cash paid during the period for:				
Interest	\$ 434	1,369	786	4,304
Income taxes	\$ 15,179	9,063	16,590	10,877
Supplemental noncash investing activity:				
Joint-venture interest acquired:				
Fair value of assets acquired	\$ ---	---	51,305	---
Fair value of liabilities assumed	---	---	(47,870)	---
Net cash payment	\$ ---	---	3,435	---

See Notes to Unaudited Condensed Consolidated Financial Statements.

(1) Interim Financial Statements

The consolidated financial information for the interim periods presented herein has not been audited by independent accountants, but in the opinion of management, all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the condensed consolidated balance sheets and the condensed consolidated statements of earnings and cash flows at the dates and for the periods indicated have been made. Results of operations for interim periods are not necessarily indicative of results of operations for the respective full years.

(2) Earnings per Share Data

Primary and fully diluted earnings per share data are computed on the weighted average number of shares and dilutive equivalent shares of common stock (stock options and restricted stock grants) outstanding during each period using the treasury stock method.

(3) Income Taxes

Income tax expense for interim periods is based on estimates of the effective tax rate for the entire fiscal year. The effective tax rate was 32% for the quarter and six-month period ended September 30, 1996. For the quarter and six-month period ended September 30, 1995 the effective tax rate was 33%.

The Internal Revenue Service has notified the company of proposed deficiencies resulting from the audit of the company's 1992 and 1993 tax returns. The company is in the process of preparing its defenses against these claims, and in management's opinion the ultimate outcome of these matters will not have a materially adverse effect on the company's financial position and results of operations.

(4) Acquisition of Marine Joint-Venture

During fiscal 1997's first quarter the company acquired the remaining 50.1% equity interest in 22 of 29 safety/standby vessels previously owned and operated by joint-venture companies in the North Sea. The acquisition was accounted for as a purchase and accordingly, the fair value of the assets acquired and liabilities assumed and results of operations have been included in the condensed consolidated financial statements effective June 1, 1996.

The Board of Directors and Shareholders of Tidewater Inc.:

We have reviewed the condensed consolidated balance sheet of Tidewater Inc. and subsidiaries as of September 30, 1996 and the related condensed consolidated statements of earnings and cash flows for the three-month and six-month periods ended September 30, 1996 and 1995. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of Tidewater Inc. as of March 31, 1996, and the related consolidated statements of earnings, stockholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated April 29, 1996 we expressed an unqualified opinion on those consolidated financial statements. In our opinion the information set forth in the accompanying condensed consolidated balance sheet as of March 31, 1996 is fairly presented, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

KPMG Peat Marwick LLP

New Orleans, Louisiana
October 18, 1996

MANAGEMENT'S DISCUSSION AND ANALYSIS

The company provides services and equipment to the international energy industry through its marine and compression divisions. Company revenues, net earnings and cash flows from operations are dependent upon activity levels of the marine vessel fleet and the natural gas compression rental fleet. Activity levels for the marine vessel fleet and the natural gas compression rental fleet are ultimately dependent upon oil and natural gas prices which, in turn, are determined by the supply/demand relationship for oil and natural gas. The following discussion should be read in conjunction with the unaudited condensed consolidated financial statements and related disclosures.

MARINE DIVISION

The Marine division provides a diverse range of services and equipment to the offshore oil and gas industry. Fleet size, utilization and vessel day rates primarily determine the amount of revenues and operating profit because operating costs and depreciation do not change proportionally with changes in revenues. Operating costs consist primarily of crew costs, repair and maintenance, insurance, fuel, lube and supplies. Fleet size and utilization are the major factors which affect crew costs. The timing and amount of repair and maintenance costs are influenced by vessel age and scheduled drydockings to satisfy safety and inspection requirements mandated by regulatory agencies. Whenever possible, vessel drydockings are done during seasonally slow periods to minimize any impact on vessel operations and are only done if economically justified, given the vessel's age and physical condition. The following tables compare revenues, operating expenses (excluding general and administrative expense and depreciation expense) and operating margins of the Marine division's owned and operated vessel fleet for the quarters and six-month periods ended September 30 and for the quarter ended June 30, 1996:

(in thousands)	Quarter Ended September 30,		Six Months Ended September 30,		Quarter Ended June 30,
	1996	1995	1996	1995	1996

Revenues:					
United States	\$ 79,227	59,497	147,423	115,951	68,196
International	79,126	66,273	149,479	129,737	70,353
	-----	-----	-----	-----	-----
	158,353	125,770	296,902	245,688	138,549

Expenses:					
Crew costs	44,053	37,133	81,937	71,657	37,884
Repair and maintenance	22,803	19,056	49,461	41,255	26,658
Insurance	8,383	8,423	16,314	16,566	7,931
Fuel, lube and supplies	7,552	5,880	14,733	11,651	7,181
Other	5,975	4,465	10,762	9,187	4,787
	-----	-----	-----	-----	-----
	88,766	74,957	173,207	150,316	84,441

Operating margins	\$ 69,587	50,813	123,695	95,372	54,108
=====					
Operating margin percentages	43.9%	40.4%	41.7%	38.8%	39.1%
=====					

Fiscal 1997 second quarter and six-month operating margins climbed above fiscal 1996's respective amounts due to the beneficial effects of higher utilization and average day rates for the worldwide fleet and a larger North Sea fleet outweighing the adverse effect of higher operating expenses. Current quarter operating margins also climbed above the prior quarter amount due to higher utilization and average day rates for the domestic-based fleet and a full quarter's results

for the North Sea fleet being partially offset by higher operating expenses. Greater demand and a much more favorable supply/demand relationship for offshore marine services in the U.S. Gulf of Mexico were primarily responsible for the increases in utilization and average day rates for the current quarter and six-month period compared with the respective fiscal 1996 periods, and for the current quarter compared with the prior quarter. A larger North Sea fleet is due to fiscal 1997's first quarter acquisition of several safety/standby vessels. Higher operating expenses for the current quarter and six-month period compared with fiscal 1996's respective periods and for the current quarter compared with the preceding quarter resulted primarily from increased activity for the domestic-based fleet, the expansion of the North Sea fleet and increased costs associated with retaining qualified vessel personnel and attracting and training new vessel personnel. Higher operating expenses for the quarter and six-month period ended September 30, 1996 compared with the quarter and six-month period ended September 30, 1995 were also due to higher repair and maintenance costs resulting from a greater number of vessel drydockings.

Revenues, operating expenses (excluding general and administrative expense and depreciation expense) and operating margins of brokered vessels, shipyard and other activities for the quarters and six-month periods ended September 30 and for the quarter ended June 30, 1996 were:

(In thousands)	Quarter Ended September 30,		Six Months Ended September 30,		Quarter Ended June 30,
	1996	1995	1996	1995	1996
Revenues	\$ 9,338	6,956	17,428	15,092	8,090
Expenses	7,813	4,877	14,588	11,502	6,775
Margins	\$ 1,525	2,079	2,840	3,590	1,315

Marine division operating profit for the quarters and six-month periods ended September 30 and for the quarter ended June 30, 1996 consist of the following:

(In thousands)	Quarter Ended September 30,		Six Months Ended September 30,		Quarter Ended June 30,
	1996	1995	1996	1995	1996
Owned and operated vessels:					
United States	\$ 26,204	12,781	42,066	21,294	15,862
International	18,695	15,767	35,044	28,590	16,349
	44,899	28,548	77,110	49,884	32,211
Gains from asset sales	161	1,111	877	4,226	716
Brokered vessels, shipyard and other	1,278	1,824	2,396	3,180	1,118
Operating profit	\$ 46,338	31,483	80,383	57,290	34,045

Marine fleet utilization is determined primarily by market conditions and to a lesser extent by drydocking requirements. Utilization of the domestic-based fleet, which operates in U.S. waters, is primarily influenced by offshore activity related to the exploration, development and production of natural gas in the U.S. Gulf of Mexico; whereas, utilization of the international-based fleet, which operates in waters other than the United States, is primarily influenced by offshore activity related to the exploration, development and production of oil.

Marine vessel day rates are determined by the demand created through the level of offshore exploration, development and production spending by energy exploration and production companies relative to the supply of offshore service vessels. Suitability of equipment and the degree of service provided also influence vessel day rates. The following two tables compare day-

based Marine fleet utilization percentages and average day rates by vessel class and in total for the quarters and six-month periods ended September 30 and for the quarter ended June 30, 1996:

	Quarter Ended September 30,		Six Months Ended September 30,		Quarter Ended June 30,
	1996	1995	1996	1995	1996
UTILIZATION:					

Domestic-based fleet					

Towing-supply/supply	90.2%	85.6	90.8	86.2	91.3
Crew/utility	94.1	79.5	92.5	80.6	90.9
Offshore tugs	67.0	64.8	64.8	56.2	62.4
Other	61.9	64.8	55.1	54.6	48.8
Total	85.1%	79.9	84.3	78.5	83.6
International-based fleet					

Towing-supply/supply	88.1%	87.9	87.8	87.3	87.5
Crew/utility	85.4	85.0	87.9	85.8	90.5
Offshore tugs	70.3	71.2	72.8	71.7	75.4
Safety/standby	78.2	---	79.6	---	84.4
Other	74.4	48.3	75.3	42.9	76.2
Total	82.1%	78.2	83.0	77.2	84.0
Worldwide fleet					

Towing-supply/supply	89.1%	86.9	89.1	86.8	89.2
Crew/utility	90.1	81.7	90.4	82.7	90.7
Offshore tugs	68.8	68.4	69.3	64.6	69.7
Safety/standby	78.2	---	79.6	---	84.4
Other	71.7	51.6	70.7	45.3	69.7
Total	83.3%	79.0	83.6	77.8	83.8
=====					
AVERAGE VESSEL DAY RATES:					

Domestic-based fleet					

Towing-supply/supply	\$ 5,049	3,495	4,660	3,422	4,278
Crew/utility	1,512	1,354	1,468	1,348	1,424
Offshore tugs	5,355	4,584	5,185	4,860	4,994
Other	3,050	2,868	3,100	2,972	3,158
Total	\$ 4,317	3,178	4,047	3,147	3,773
International-based fleet					

Towing-supply/supply	\$ 3,838	3,670	3,768	3,657	3,695
Crew/utility	1,735	1,767	1,731	1,825	1,728
Offshore tugs	2,916	2,705	2,809	2,671	2,708
Safety/standby	4,907	---	4,975	---	5,194
Other	662	727	690	727	719
Total	\$ 3,144	2,987	3,044	3,006	2,939
Worldwide fleet					

Towing-supply/supply	\$ 4,387	3,590	4,178	3,548	3,965
Crew/utility	1,610	1,526	1,586	1,547	1,562
Offshore tugs	3,971	3,498	3,788	3,549	3,602
Safety/standby	4,907	---	4,975	---	5,194
Other	1,109	1,265	1,116	1,279	1,123
Total	\$ 3,639	3,075	3,471	3,071	3,298
=====					

Additional investment in the vessel fleet for the current six-month period totaled \$25.3 million, including the purchases of two towing-supply/supply vessels, two offshore tugs and a crewboat for \$14.8 million. The remainder of additions for the current six-month period of \$10.5 million

were for additions to and/or modifications of the existing vessel fleet. In the prior quarter the remaining 50.1% equity interest in 22 of 29 safety/standby vessels, previously operated by joint-venture companies in the North Sea, was acquired and increased the size of the international-based fleet. In prior periods these vessels were classified as joint-venture owned. The average size of the domestic-based fleet fell from September 1995 to September 1996 due to vessel sales, the return of previously leased vessels to their owners and the withdrawal of several vessels from active service in fiscal 1997's first quarter because of age and anticipated higher repair and maintenance costs. The following table compares the average number of vessels by class and geographic distribution for the quarters and six-month periods ended September 30 and for the quarter ended June 30, 1996:

	Quarter Ended September 30,		Six Months Ended September 30,		Quarter Ended June 30,
	1996	1995	1996	1995	1996

Domestic-based fleet:					
	-----	-----	-----	-----	-----
Towing-supply/supply	137	148	138	149	139
Crew/utility	42	52	42	52	43
Offshore tugs	43	42	42	43	41
Other	13	13	14	13	15
	-----	-----	-----	-----	-----
Total	235	255	236	257	238

International-based fleet:					
	-----	-----	-----	-----	-----
Towing-supply/supply	169	170	168	170	169
Crew/utility	36	35	36	35	35
Offshore tugs	53	52	53	50	53
Safety/standby*	26	---	19	---	9
Other	49	51	47	51	47
	-----	-----	-----	-----	-----
Total	333	308	323	306	313

Owned or chartered vessels					
included in marine revenues	568	563	559	563	551
Vessels withdrawn from active service	22	15	23	15	24
Joint-venture owned vessels	47	76	57	76	66
	-----	-----	-----	-----	-----
Total	637	654	639	654	641
=====					
Worldwide fleet:					
	-----	-----	-----	-----	-----
Towing-supply/supply	345	355	349	356	351
Crew/utility	89	96	89	96	91
Offshore tugs	102	97	101	96	100
Safety/standby*	26	29	26	29	24
Other	75	77	74	77	75
	-----	-----	-----	-----	-----
Total	637	654	639	654	641
=====					

* Change in number of vessels is the result of the company's acquisition of the remaining 50.1% interest in a North Sea joint venture effective June 1, 1996.

COMPRESSION DIVISION

The Compression division provides natural gas compression services and equipment for a variety of applications primarily in the energy industry. Rental revenues are determined, for the most part, by utilization and fleet size. Utilization is affected by natural gas storage levels and by the number and age of producing oil and natural gas wells which, in turn, are dependent upon the price levels of oil and natural gas. Quality of service, availability and rental rates for equipment are also major factors which affect utilization. Operating expenses are generally consistent from period-to-period and usually vary in the short-term due to fluctuations in the amount of repair and maintenance expense. Long-term growth in operating expenses will occur primarily as a result of increased

fleet size and general inflationary factors. Compression division operating profit is primarily determined by operating margins from rental gas compression operations. The following tables compare revenues, operating expenses (excluding general and administrative expense and depreciation expense), operating margins and related statistics for gas compression operations for the quarters and six-month periods ended September 30 and for the quarter ended June 30, 1996.

(In thousands, except statistics)	Quarter Ended September 30,		Six Months Ended September 30,		Quarter Ended June 30,
	1996	1995	1996	1995	1996
Revenues:					
Rentals	\$17,995	18,193	35,797	36,685	17,802
Repair, service and other	677	1,633	1,975	3,205	1,298
	18,672	19,826	37,772	39,890	19,100
Expenses:					
Wages and benefits	3,054	3,042	5,973	6,095	2,919
Repairs and maintenance	3,243	3,106	6,483	6,391	3,240
Other	1,953	2,082	3,956	4,130	2,003
	8,250	8,230	16,412	16,616	8,162
Operating margins	\$10,422	11,596	21,360	23,274	10,938
Operating margin percentages	55.8%	58.5%	56.5%	58.3%	57.3%
Horsepower based statistics:					
Utilization	76.3%	71.9%	75.8%	72.1%	75.5%
Average monthly rental rate	\$16.75	17.79	16.67	17.86	16.58
Average fleet size	468,449	473,887	470,278	474,853	472,108

Compared to the corresponding quarter of fiscal 1996, fiscal 1997 second quarter and six-month operating margins fell as a result of increased competition which weakened rental rates and entirely offset the positive effect of higher utilization.

The Compression division also designs, fabricates and installs engineered compressor systems and sells related parts and equipment. The following table compares revenues, costs of sales and sales margins for equipment and parts sales for the quarters and six-month periods ended September 30 and for the quarter ended June 30, 1996:

(In thousands)	Quarter Ended September 30,		Six Months Ended September 30,		Quarter Ended June 30,
	1996	1995	1996	1995	1996
Revenues	\$7,509	8,208	17,664	15,183	10,155
Costs of sales	6,375	6,640	15,101	12,161	8,726
Gross profit margins	\$1,134	1,568	2,563	3,022	1,429
Gross profit margin percentages	15.1%	19.1%	14.5%	19.9%	14.1%

Fluctuations in the level of equipment and parts sales for the periods presented are due to the timing of sales of engineered products. Fluctuations in gross profit margin percentages are the result of competitive market forces. Costs of sales consist primarily of wages and benefits and material costs associated with the design, fabrication and installation of packaged compressor systems.

Additional investment in the natural gas compression rental fleet for the current year-to-date period was \$7.2 million and was primarily for modifications of existing equipment to meet

customer requirements. During the first quarter of fiscal 1997 the Compression division disposed of all of its air rental equipment which generated proceeds of \$3.5 million and a gain of \$.5 million. Revenues from the rental of air equipment for the six-month period ended September 30, 1996 were \$.7 million. Gains from sales of assets, excluding air rental equipment, for the current quarter and six-month period were \$.4 million and \$.6 million, respectively. Gains from sales of assets for the corresponding quarter and six-month period of fiscal 1996 contributed nominally to division operating profits.

CORPORATE

Fiscal 1997 second quarter and six-month financing activities consumed less cash compared with the respective fiscal 1996 periods due to lower principal payments on long-term debt. Principal payments on long-term debt during the current quarter and six-month periods were primarily for the repayment, prior to maturity, of outstanding debt assumed in connection with the purchase of the remaining equity in the joint-venture companies in the North Sea. Interest expense in the quarter and six-month periods ended September 30, 1996 was lower than the corresponding fiscal 1996 periods as a result of the fiscal 1996 fourth quarter prepayments of debt assumed in connection with the fiscal 1996 fourth quarter merger with Hornbeck Offshore Services, Inc.

General and administrative expenses for the quarters and six-month periods ended September 30 and for the quarter ended June 30, 1996 consist of the following:

(In thousands)	Quarter Ended September 30,		Six Months Ended September 30,		Quarter Ended June 30,
	1996	1995	1996	1995	1996
Personnel	\$ 9,384	8,221	18,185	16,701	8,801
Office and property	2,867	2,475	5,508	4,840	2,641
Sales and marketing	1,066	700	1,999	1,552	933
Professional services	1,357	991	2,625	2,062	1,268
Other	1,149	1,854	2,581	3,600	1,432
	\$15,823	14,241	30,898	28,755	15,075

CURRENCY FLUCTUATIONS AND INFLATION

Because of its significant international operations, the company is exposed to currency fluctuations and exchange risks. To minimize the financial impact of these items the company attempts to contract a majority of its services in United States dollars.

Day-to-day operating costs are generally affected by inflation. However, because the energy services industry requires specialized goods and services, general economic inflationary trends may not affect the company's operating costs. The major impact on operating costs is the level of offshore exploration, development and production spending by energy exploration and production companies. As this spending increases, prices of goods and services used by the oil and gas industry and the energy services industry will increase. Future improvements in vessel day rates and compressor rental rates may buffer the company from the inflationary effects on operating costs.

ENVIRONMENTAL MATTERS

During the ordinary course of business the company's operations are subject to a wide variety of environmental laws and regulations. The company attempts to comply with these laws and regulations in order to avoid costly accidents and any related environmental damage.

PART II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

- A. The Annual Meeting of Stockholders of the Company was held in New Orleans, Louisiana on July 25, 1996.
- B. Listed below are the nominees who were elected directors at the Annual Meeting and the name of each other director whose term of office continued after the Meeting.

	Nominee or Director Continuing in Office -----
Robert H. Boh	Nominee
Donald T. Bollinger	Nominee
Larry T. Hornbeck	Nominee
Hugh J. Kelly	Nominee
Arthur R. Carlson	Director Continuing in Office
John P. Laborde	Director Continuing in Office
William C. O'Malley	Director Continuing in Office
Paul W. Murrill	Director Continuing in Office
Lester Pollack	Director Continuing in Office
J. Hugh Roff, Jr.	Director Continuing in Office

- C. The Company's Stockholders voted as follows with respect to the proposals presented at the meeting:
1. Robert H. Boh was elected director with 52,234,321 votes cast for and 400,629 votes withheld;
 2. Donald T. Bollinger was elected director with 51,947,559 votes cast for and 687,391 votes withheld;
 3. Larry T. Hornbeck was elected director with 51,090,870 votes cast for and 1,554,079 votes withheld;
 4. Hugh J. Kelly was elected director with 52,217,972 votes cast for and 416,978 votes withheld; and
 5. The selection of KPMG Peat Marwick LLP as the Company's independent auditors for the fiscal year ending March 31, 1997 was ratified with 52,581,949 votes cast for, 10,550 votes against and 42,451 abstentions.

Item 6. Exhibits and Reports on Form 8-K

- A. At page 15 of this report is the index for those exhibits required to be filed as a part of this report.
- B. The Company filed a Current Report on Form 8-K dated September 19, 1996 which disclosed its Board of Directors adopted an updated Rights Plan designed to supersede a Rights Plan originally adopted April 1990. As with its previously adopted Rights Plan, the new Rights Plan is intended to protect stockholder interests in the event the company becomes the subject of a takeover initiative that would deny the company's stockholders the full value of their investment. The new Rights, which will be issued to each common stockholder of record on October 1, 1996, will be exercisable only if a person acquires, or announces a tender offer which would result in ownership of, 15 percent or more of the company's common stock. The board of directors will be authorized in certain circumstances to lower this 15 percent threshold to not less than 10 percent. The initial exercise price will be \$160.00 per Right. The Rights will expire on November 1, 2006, unless redeemed or exchanged at an earlier date.

EXHIBIT INDEX

Exhibit Number -----	Description -----
10.1	Change of Control Agreement dated September 30, 1996 between the Company and William C. O'Malley.
10.2	Form of Change of Control Agreement dated September 30, 1996 between the Company and four executive officers.
10.3	Form of Change of Control Agreement dated September 30, 1996 between the Company and seven officers.
11	Statement - Computation of Per Share Earnings
27	Financial Data Schedule

SIGNATURES

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

TIDEWATER INC.

(Registrant)

Date: October 21, 1996

/s/ William C. O'Malley

William C. O'Malley
Chairman of the Board, President and
Chief Executive Officer

Date: October 21, 1996

/s/ Ken C. Tamblyn

Ken C. Tamblyn
Executive Vice President and
Chief Financial Officer

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CHANGE OF CONTROL AGREEMENT

This Change of Control Agreement ("the Agreement") between Tidewater, Inc., a Delaware corporation (the "Company"), and William C. O'Malley (the "Employee") is dated effective as of September 30, 1996 (the "Change of Control Agreement Date").

ARTICLE I
DEFINITIONS

1.1 AFFILIATE DEFINED. "Affiliate" or "affiliated companies" shall mean any company controlled by, controlling, or under common control with, the Company.

1.2 CAUSE DEFINED. "Cause" shall mean:

(a) the willful and continued failure of the Employee to perform substantially the Employee's duties with the Company or its affiliates (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Employee by the Board of the Company which specifically identifies the manner in which the Board believes that the Employee has not substantially performed the Employee's duties, or

(b) the willful engaging by the Employee in illegal conduct or gross misconduct.

For purposes of this provision, no act or failure to act, on the part of the Employee, shall be considered "willful" unless it is done, or omitted to be done, by the Employee in bad faith or without reasonable belief that the Employee's action or omission was in the best interests of the Company or its Affiliates. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of a senior officer of the Company or based upon the advice of counsel for the Company or its Affiliates shall be conclusively presumed to be done, or omitted to be done, by the Employee in good faith and in the best interests of the Company or its Affiliates. The cessation of employment of the Employee shall not be deemed to be for Cause unless his action or inaction meets the foregoing standard and until there shall have been delivered to the Employee a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Employee and the Employee is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Employee is guilty of the conduct described in subparagraph (a) or (b) above, and specifying the particulars thereof in detail.

1.3 CHANGE OF CONTROL DEFINED. "Change of Control" shall mean:

(a) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934 of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 30% of the outstanding shares of the Company's Common Stock, \$0.10 par value per share (the "Common Stock"); provided, however, that for purposes of this subsection (a), the following shall not constitute a Change of Control:

(i) any acquisition of Common Stock directly from the Company,

(ii) any acquisition of Common Stock by the Company,

(iii) any acquisition of Common Stock by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or

(iv) any acquisition of Common Stock by any corporation pursuant to a transaction that complies with clauses (i), (ii) and (iii) of subsection (c) of this Section 1.3; or

(b) individuals who, as of the Change of Control Agreement Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Change of Control Agreement Date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered a member of the Incumbent Board, unless such individual's initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Incumbent Board; or

(c) consummation of a reorganization, merger or consolidation, or sale or other disposition of all of substantially all of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination,

(i) all or substantially all of the individuals and entities who were the beneficial owners of the Company's outstanding common stock and the Company's voting securities entitled to vote generally in the election of directors immediately prior to such Business Combination have direct or indirect beneficial ownership, respectively, of more than 50% of the then outstanding shares of common stock, and more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, of the corporation resulting from such Business Combination (which, for purposes of this paragraph (i) and paragraphs (ii) and (iii), shall include a corporation which as a result of such transaction controls the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries), and

(ii) except to the extent that such ownership existed prior to the Business Combination, no person (excluding any corporation resulting from such Business Combination or any employee benefit plan or related trust of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 30% or more of the then outstanding shares of common stock of the corporation resulting from such Business Combination or 30% or more of the combined voting power of the then outstanding voting securities of such corporation, and

(iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

1.4 COMPANY DEFINED. As used in this Agreement, "Company" shall mean the Company as defined above and any successor to or assignee of (whether direct or indirect, by purchase, merger, consolidation or otherwise) all or substantially all of the assets or business of the Company.

1.5 DISABILITY DEFINED. "Disability" shall mean a condition that would entitle the Employee to receive benefits under the Company's long-term disability insurance policy in effect at the time either because he is totally disabled or partially disabled, as such terms are defined in the Company's policy in effect as of the date of this Agreement or as similar terms are defined in any successor policy. If the Company has no long-term disability plan in effect, "Disability" shall occur if (a) the Employee is rendered incapable because of physical or mental illness of satisfactorily discharging his duties and responsibilities to the Company for a period of 90 consecutive days, (b) a duly qualified physician chosen by the Company and acceptable to the Employee or his legal representatives so certifies in writing, and (c) the Board determines that the Employee has become disabled.

1.6 GOOD REASON DEFINED. "Good Reason" shall mean:

(a) Any failure of the Company or its Affiliates to provide the Employee with the position, authority, duties and responsibilities at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 120-day period immediately preceding the Change of Control. The Employee's position, authority, duties and responsibilities after a Change of Control shall be considered commensurate in all material respects with Employee's position, authority, duties and responsibilities prior to a Change of Control if after the Change of Control Employee either holds (i) an equivalent position in the Company or, (ii) if the Company is controlled or will after the transaction be controlled by another company (directly or indirectly), an equivalent position in the ultimate parent company.

(b) The assignment to the Employee of any duties inconsistent in any material respect with Employee's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 3.1(b) of this Agreement, or any other action that results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith that is remedied within 10 days after receipt of written notice thereof from the Employee to the Company;

(c) Any failure by the Company or its Affiliates to comply with any of the provisions of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith that is remedied within 10 days after receipt of written notice thereof from the Employee to the Company;

(d) The Company or its Affiliates requiring the Employee to be based at any office or location other than as provided in Section 3.1(b)(ii) hereof or requiring the Employee to travel on business to a substantially greater extent than required immediately prior to the Change of Control;

(e) Any purported termination of the Employee's employment otherwise than as expressly permitted by this Agreement; or

(f) Any failure by the Company to comply with and satisfy Sections 4.1(c) and (d) of this Agreement.

ARTICLE II STATUS OF EMPLOYMENT AGREEMENT

Notwithstanding any provisions thereof, after a Change of Control, this Agreement supersedes the agreement dated as of June 13, 1994 between the Company and the Employee or any subsequent employment agreement between Employee and the Company that so provides (the "Employment Agreement"), except with respect to those provisions of the Employment Agreement that are made a part of and specifically incorporated by reference herein. Upon a Change of Control of the Company, as defined herein, or upon a "Change of Control of the Company" as defined in the Employment Agreement, the Employee shall be entitled to the benefits provided herein and not to the benefits provided therein.

ARTICLE III CHANGE OF CONTROL BENEFIT

3.1 EMPLOYMENT TERM AND CAPACITY AFTER CHANGE OF CONTROL. (a) This Agreement shall commence on the date hereof and continue in effect through December 31, 1997; provided, however, that commencing on January 1, 1998 and each January 1 thereafter, the term of this Agreement shall automatically be extended for one additional year unless, not later than September 30 of the preceding year, the Company shall have given notice that it does not wish to extend this Agreement; provided, further, that notwithstanding any such notice by the Company not to extend, if a Change of Control of the Company shall have occurred during the original or extended term of this Agreement, this Agreement shall continue in effect

through the second anniversary of the Change of Control (such period following a Change of Control being referred to herein as the "Employment Term"), subject to any earlier termination of Employee's status as an employee pursuant to this Agreement.

(b) After a Change of Control and during the Employment Term, (i) the Employee's position (including status, offices, titles and reporting requirements) authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 120-day period immediately preceding the Change of Control and (ii) the Employee's service shall be performed during normal business hours at the Company's principal executive office, at its location at the time of the Change of Control, or the location where the Employee was employed immediately preceding the Change of Control or any relocation of the Company's principal executive office to a location that is not more than 35 miles from such current location. Employee's position, authority, duties and responsibilities after a Change of Control shall not be considered commensurate in all material respects with Employee's position, authority, duties and responsibilities prior to a Change of Control unless after the Change of Control Employee holds (x) an equivalent position in the Company or, (y) if the Company is controlled or will after the transaction be controlled by another company (directly or indirectly), an equivalent position in the ultimate parent company.

3.2 COMPENSATION AND BENEFITS. During the Employment Term, Employee shall be entitled to the following compensation and benefits:

(a) Base Salary. The Employee shall receive an annual base salary ("Base Salary"), which shall be paid at a monthly rate, at least equal to 12 times the highest monthly base salary that was paid or is payable, including any base salary which has been earned but deferred by the Employee, by the Company and its affiliated companies with respect to any month in the 12-month period ending with the month that immediately precedes the month in which the Change of Control occurs. During the Employment Term, the Base Salary shall be reviewed at such time as the Company undertakes a salary review of its other executive officers, and, to the extent that salary increases are granted to such other executive officers, the Employee shall be granted a salary increase commensurate with his peer executives of the Company and its affiliated companies for the year of determination. Any increase in Base Salary shall not serve to limit or reduce any other obligation to the Employee under this Agreement. Base Salary shall not be reduced after any such increase and the term Base Salary as utilized in this Agreement shall refer to Base Salary as so increased.

(b) Annual Bonus. In addition to Base Salary, the Employee shall be awarded, for each fiscal year ending during the Employment Term, an annual bonus (the "Bonus") in cash in an amount at least equal to the average of the annual bonus paid to the Employee with respect to the three fiscal years immediately preceding the year in which the Change of Control occurs under the Company's annual bonus plan, or any comparable bonus under a successor plan. Each such Bonus shall be paid no later than the end of the third month of the fiscal year next following the fiscal year for which the Bonus is awarded, unless the Employee shall elect to defer the receipt of such Bonus.

(c) Fringe Benefits. The Employee shall be entitled to fringe benefits (including, but not limited to, automobile allowance, reimbursement for membership dues, and air travel) commensurate with those provided to other peer employees of the Company and its affiliated companies.

(d) Expenses. The Employee shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Employee in accordance with the most favorable agreements, policies, practices and procedures of the Company and its affiliated companies in effect for the Employee at any time during the 120-day period immediately preceding the Change of Control or, if more favorable to the Employee, as in effect generally at any time thereafter with respect to other peer employees of the Company and its affiliated companies.

(e) Incentive, Savings and Retirement Plans. The Employee shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs applicable generally to other peer employees of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Employee with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable than the most favorable of those provided by the Company and its affiliated companies for the Employee under any agreements, plans, practices, policies and programs as in effect at any time during the 120-day period immediately preceding the Change of Control, including any agreement by the Company to provide retirement benefits not less in amount than the retirement benefits to which the Employee would have been entitled under the terms of any qualified defined benefit pension plans of his immediate prior employer, or, if more favorable to the Employee, those provided generally at any time after the Change of Control to other peer employees of the Company and its affiliated companies.

(f) Welfare Benefit Plans. The Employee and/or the Employee's family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to other peer employees of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Employee with benefits, in each case, less favorable than the most favorable of any agreements, plans, practices, policies and programs in effect for the Employee at any time during the 120-day period immediately preceding the Change of Control or, if more favorable to the Employee, those provided generally at any time after the Change of Control to other peer employees of the Company and its affiliated companies.

(g) Office and Support Staff. The Employee shall be entitled to an office or offices of a size and with furnishings and other appointments, and to exclusive personal

secretarial and other assistance, commensurate with those provided to other peer employees of the Company and its affiliated companies.

(h) Vacation. The Employee shall be entitled to paid vacation in accordance with the most favorable agreements, plans, policies, programs and practices of the Company and its affiliated companies as in effect for the Employee at any time during the 120-day period immediately preceding the Change of Control or, if more favorable to the Employee, as in effect generally at any time thereafter with respect to other peer employees of the Company and its affiliated companies.

(i) Indemnification. If in connection with any agreement related to a transaction that will result in a Change of Control of the Company, an undertaking is made to provide the Board of Directors with rights to indemnification from the Company (or any other party to such agreement), the Employee shall, by virtue of this Agreement, be entitled to the same rights to indemnification as are provided to the Board of Directors pursuant to such agreement. Otherwise, the Employee shall be entitled to indemnification rights on terms no less favorable to Employee than those available under the Certificate of Incorporation, bylaws or resolutions of the Company at any time after the change of control to other peer employees of the Company. Such indemnification rights shall be with respect to all claims, actions, suits or proceedings to which the Employee is or is threatened to be made a party that arise out of or are connected to his services at any time prior to the termination of his employment, without regard to whether such claims, actions, suits or proceedings are made, asserted or arise during or after the Employment Term.

(j) Directors and Officers Insurance. If in connection with any agreement related to a transaction that will result in a Change of Control of the Company, an undertaking is made to provide the Board of Directors of the Company with continued coverage following the Change of Control under one or more directors and officers liability insurance policies, then the Employee shall, by virtue of this Agreement, be entitled to the same rights to continued coverage under such insurance policies as are provided to the Board of Directors. Otherwise, the Company shall agree to cover Employee under any of its director and officers liability insurance policies on terms provided generally at any time after the Change of Control to other peer employees of the Company.

3.3 OBLIGATIONS UPON TERMINATION AFTER A CHANGE OF CONTROL.

(a) Termination by Company for Reasons other than Death, Disability or Cause or by Employee for Good Reason. If, after a Change of Control and during the Employment Term, the Company terminates the Employee's employment other than for Cause, death or Disability, or the Employee terminates employment for Good Reason,

(i) the Company shall pay to the Employee in a lump sum in cash within five business days of the date of termination an amount equal to three times the sum of (i) the amount of Base Salary in effect at the date of termination, plus (ii) the greater of (x) the average of the annual bonuses paid

or to be paid to the Employee with respect to the immediately preceding three fiscal years or (y) the target Bonus for which the Employee is eligible for the 12-month period in which the date of termination occurs, as such target bonus has been established by the Company for such year;

(ii) for a period of thirty-six (36) months following the date of termination of employment (the "Continuation Period"), the Company shall at its expense continue on behalf of the Employee and his dependents and beneficiaries the life insurance, disability, medical, dental and hospitalization benefits provided (x) to the Employee at any time during the 120-day period prior to the Change in Control or at any time thereafter or (y) to other similarly situated executives who continue in the employ of the Company during the Continuation Period. The coverage and benefits (including deductibles and costs) provided in this Section 2.3(a)(ii) during the Continuation Period shall be no less favorable to the Employee and his dependents and beneficiaries, than the most favorable of such coverages and benefits during any of the periods referred to in clauses (x) or (y) above. In addition, if Employee has reached age 52 and has completed seven years of service at the time of a Change of Control, Employee shall automatically become vested in the post-retirement benefits provided under the Tidewater Group Welfare Benefits Plan (the "GWB Plan") and be entitled to receive, following termination of employment with the Company, all benefits that would be payable to Employee under the GWB Plan or any successor plan of the Company or its affiliated companies had the Employee retired from employment with the Company or one of its affiliated companies on the later of the third anniversary of the Change of Control or the Employee's date of retirement (as defined in the GWB Plan) from employment with the Company. The Company's obligation hereunder with respect to the foregoing benefits shall be limited to the extent that the Employee obtains any such benefits pursuant to a subsequent employer's benefit plans, in which case the Company may reduce the coverage of any benefits it is required to provide the Employee hereunder as long as the aggregate coverages and benefits of the combined benefit plans is no less favorable to the Employee than the coverages and benefits required to be provided hereunder. The Employee will be eligible for coverage under the Consolidated Omnibus Budget Reconciliation Act at the end of the Continuation Period or earlier cessation of the Company's obligation hereunder.

(iii) the Employee shall immediately become fully (100%) vested in his benefit under each supplemental or excess retirement plan of the Company in which the Employee was a participant, including, but not limited to the Tidewater, Inc. Supplemental Executive Retirement Plan (the "SERP"), the Supplemental Plan and any successor plans;

(iv) the Company shall contribute to the trust established in connection with the SERP and the Supplemental Savings Plan (the "Trust") for the Employee's account in cash within five business days of the date of termination of employment an amount equal to the then present value of the actuarial equivalent of the additional benefits, if any, to which the Employee would be

entitled under the Tidewater, Inc. Pension Plan, the SERP and any other qualified defined benefit plan maintained by the Company and covering the Employee, regardless of the vesting requirements thereof, or any agreement between the Company and the Employee with respect to retirement benefits that is otherwise provided for in the Employment Agreement (such retirement benefit agreement being made a part hereof and specifically incorporated by reference herein), if the Employee had continued to be employed by the Company until the third anniversary of the Change of Control.

(v) the Company shall contribute to the Supplemental Savings Plan trust for the Employee's account in cash within five business days of the date of termination of employment an amount equal to the amount of employer contributions that would have been made on the Employee's behalf if the Employee had continued to participate in the Company's Savings Plan, the Company's Supplemental Savings Plan and any other qualified or non-qualified defined contribution plan maintained by the Company until the third anniversary of the Change of Control. Such contribution shall, in the case of a qualified plan, be calculated as if the Employee were fully vested and participating to the maximum extent permitted by such plan and, in the case of a non-qualified plan, be calculated on the same basis as the Employee was participating in such plans and, in all cases, be calculated on the basis of the Employee's annual salary rate at the time of the Change of Control.

(vi) to the extent that Employee is not fully vested in his accrued benefits under the Pension Plan, the Savings Plan or any other qualified plan maintained by the Company, at the time of termination of employment, the Company shall contribute to the Trust, within five business days of the date of termination of employment, an amount in cash equal to the unvested but accrued benefits under such plans as of the date of termination of employment.

Any contributions by the Company to the Trust as provided herein shall be distributed at such time as shall be elected by the Employee at the time of execution of this Agreement, except that amounts relating to services previously provided shall be distributed in accordance with the provisions of the plans or the related participant elections to which such contributions relate. The benefits provided in this Section 3.3(a) shall be without regard to any amendment to any plans made after the Change of Control but prior to Employee's date of termination of employment, which amendment adversely affects in any manner the computation of benefits under such plans.

(b) Death. If, after a Change of Control and during the Employment Term, the Employee's status as an employee is terminated by reason of the Employee's death, this Agreement shall terminate without further obligation to the Employee's legal representatives (other than those already accrued to the Employee), other than the obligation to make any payments due pursuant to employee benefit plans maintained by the Company or its affiliated companies and any death benefits to which the Employee is entitled under any Employment Agreement in effect immediately prior to

the Change of Control (the death benefits provided by such Employment Agreement being made a part hereof and specifically incorporated by reference herein).

(c) Disability. If, after a Change of Control and during the Employment Term, the Employee's status as an employee is terminated by reason of Employee's Disability, this Agreement shall terminate without further obligation to the Employee (other than those already accrued to the Employee), other than the obligation to make any payments due pursuant to employee benefit plans maintained by the Company or its affiliated companies and any disability benefits to which Employee is entitled under any Employment Agreement in effect immediately prior to the Change of Control (the disability provisions of such Employment Agreement being made a part hereof and specifically incorporated by reference herein).

(d) Cause. If, after a Change of Control and during the Employment Term, the Employee's status as an employee is terminated by the Company for Cause, this Agreement shall terminate without further obligation to the Employee other than for obligations imposed by law and obligations imposed pursuant to any employee benefit plan maintained by the Company or its affiliated companies.

(e) Voluntary Termination. If, after a Change of Control and during the Employment Term, the Employee voluntarily terminates his employment with the Company other than for Good Reason, this Agreement shall terminate without further obligation to the Employee other than for obligations imposed by law and obligations imposed pursuant to any employee benefit plan maintained by the Company or its affiliated companies.

3.4 ACCRUED OBLIGATIONS AND OTHER BENEFITS. It is the intent of this Agreement that upon termination of employment for any reason following a Change of Control the Employee be entitled to receive promptly, and in addition to any other benefits specifically provided, (a) the Employee's Base Salary through the date of termination to the extent not theretofore paid, (b) any accrued vacation pay, to the extent not theretofore paid, and (c) any other amounts or benefits required to be paid or provided or which the Employee is entitled to receive under any plan, program, policy practice or agreement of the Company.

3.5 STOCK OPTIONS AND RESTRICTED STOCK. The foregoing benefits are intended to be in addition to the value of any options to acquire Common Stock of the Company or restricted stock the exercisability or vesting of which is accelerated pursuant to the terms of any stock option, incentive or other similar plan or agreement heretofore or hereafter adopted by the Company.

3.6 CERTAIN ADDITIONAL PAYMENTS. The Employee shall be entitled to such payments from the Company related to any excise tax as a result of the "excess parachute payment" provisions of section 4999 of the Internal Revenue Code of 1986, as amended (or any successor thereto), as were provided for under any Employment Agreement in effect immediately prior to the Change of Control (the obligations of the Company to make such payments being made a part hereof and specifically incorporated by reference herein).

3.7 LEGAL FEES. The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and expenses which the Employee may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, the Employee or others of the validity or enforceability of, or liability under, any provision of this Agreement (including as a result of any contest by the Employee about the amount or timing of any payment pursuant to this Agreement.)

3.8 SET-OFF; MITIGATION. After a Change of Control, the Company's and its Affiliates' obligations to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company or its Affiliates may have against the Employee or others; except that to the extent the Employee accepts other employment in connection with which he is provided health insurance benefits, the Company shall only be required to provide health insurance benefits to the extent the benefits provided by the Employee's employer are less favorable than the benefits to which he would otherwise be entitled hereunder. It is the intent of this Agreement that in no event shall the Employee be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Employee under any of the provisions of this Agreement.

3.9 OUTPLACEMENT ASSISTANCE. Upon any termination of employment of the Employee other than for Cause within three years following a Change of Control, the Company shall provide to the Employee outplacement assistance by a reputable firm specializing in such services for the period beginning with the termination of employment and ending two years following the Change of Control.

ARTICLE IV MISCELLANEOUS

4.1 BINDING EFFECT; SUCCESSORS.

(a) This Agreement shall be binding upon and inure to the benefit of the Company and any of its successors or assigns.

(b) This Agreement is personal to the Employee and shall not be assignable by the Employee without the consent of the Company (there being no obligation to give such consent) other than such rights or benefits as are transferred by will or the laws of descent and distribution.

(c) The Company shall require any successor to or assignee of (whether direct or indirect, by purchase, merger, consolidation or otherwise) all or substantially all of the assets or businesses of the Company (i) to assume unconditionally and expressly this Agreement and (ii) to agree to perform or to cause to be performed all of the obligations under this Agreement in the same manner and to the same extent as would have been required of the Company had no assignment or succession occurred, such assumption to be set forth in a writing reasonably satisfactory to the Employee.

(d) The Company shall also require all entities that control or that after the transaction will control (directly or indirectly) the Company or any such successor or assignee to agree to cause to be performed all of the obligations under this Agreement, such agreement to be set forth in a writing reasonably satisfactory to the Employee.

4.2 NOTICES. All notices hereunder must be in writing and shall be deemed to have been given upon receipt of delivery by: (a) hand (against a receipt therefor), (b) certified or registered mail, postage prepaid, return receipt requested, (c) a nationally recognized overnight courier service (against a receipt therefor) or (d) telecopy transmission with confirmation of receipt. All such notices must be addressed as follows:

If to the Company, to:

Tidewater, Inc.
1440 Canal Street
New Orleans, Louisiana 70112

Attn: Cliffe F. Laborde

If to the Employee, to:

William C. O'Malley
1440 Canal Street
New Orleans, Louisiana 70112

or such other address as to which any party hereto may have notified the other in writing.

4.3 GOVERNING LAW. This Agreement shall be construed and enforced in accordance with and governed by the internal laws of the State of Louisiana without regard to principles of conflict of laws.

4.4 WITHHOLDING. The Employee agrees that the Company has the right to withhold, from the amounts payable pursuant to this Agreement, all amounts required to be withheld under applicable income and/or employment tax laws, or as otherwise stated in documents granting rights that are affected by this Agreement.

4.5 AMENDMENT, WAIVER. No provision of this Agreement may be modified, amended or waived except by an instrument in writing signed by both parties.

4.6 SEVERABILITY. If any term or provision of this Agreement, or the application thereof to any person or circumstance, shall at any time or to any extent be invalid, illegal or unenforceable in any respect as written, Employee and the Company intend for any court construing this Agreement to modify or limit such provision so as to render it valid and enforceable to the fullest extent allowed by law. Any such provision that is not susceptible of such reformation shall be ignored so as to not affect any other term or provision hereof, and the remainder of this Agreement, or the application of such term or provision to persons or

circumstances other than those as to which it is held invalid, illegal or unenforceable, shall not be affected thereby and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

4.7 WAIVER OF BREACH. The waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

4.8 REMEDIES NOT EXCLUSIVE. No remedy specified herein shall be deemed to be such party's exclusive remedy, and accordingly, in addition to all of the rights and remedies provided for in this Agreement, the parties shall have all other rights and remedies provided to them by applicable law, rule or regulation.

4.9 COMPANY'S RESERVATION OF RIGHTS. Employee acknowledges and understands that the Employee serves at the pleasure of the Board and that the Company has the right at any time to terminate Employee's status as an employee of the Company, or to change or diminish his status during the Employment Term, subject to the rights of the Employee to claim the benefits conferred by this Agreement.

4.10 COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Company and the Employee have caused this Agreement to be executed as of the Change of Control Agreement Date.

TIDEWATER, INC.

By:

Robert H. Boh
Compensation Committee Chairman

EMPLOYEE:

William C. O'Malley

CHANGE OF CONTROL AGREEMENT

This Change of Control Agreement ("the Agreement") between Tidewater, Inc., a Delaware corporation (the "Company"), and Ken C. Tamblyn (the "Employee") is dated effective as of September 30, 1996 (the "Change of Control Agreement Date").

ARTICLE I
DEFINITIONS

1.1 AFFILIATE DEFINED. "Affiliate" or "affiliated companies" shall mean any company controlled by, controlling, or under common control with, the Company.

1.2 CAUSE DEFINED. "Cause" shall mean:

(a) the willful and continued failure of the Employee to perform substantially the Employee's duties with the Company or its affiliates (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Employee by the Board of the Company which specifically identifies the manner in which the Board believes that the Employee has not substantially performed the Employee's duties, or

(b) the willful engaging by the Employee in illegal conduct or gross misconduct.

For purposes of this provision, no act or failure to act, on the part of the Employee, shall be considered "willful" unless it is done, or omitted to be done, by the Employee in bad faith or without reasonable belief that the Employee's action or omission was in the best interests of the Company or its Affiliates. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of a senior officer of the Company or based upon the advice of counsel for the Company or its Affiliates shall be conclusively presumed to be done, or omitted to be done, by the Employee in good faith and in the best interests of the Company or its Affiliates. The cessation of employment of the Employee shall not be deemed to be for Cause unless his action or inaction meets the foregoing standard and until there shall have been delivered to the Employee a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Employee and the Employee is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Employee is guilty of the conduct described in subparagraph (a) or (b) above, and specifying the particulars thereof in detail.

1.3 CHANGE OF CONTROL DEFINED. "Change of Control" shall mean:

(a) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934 of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 30% of the outstanding shares of the Company's Common Stock, \$0.10 par value per share (the "Common Stock"); provided, however, that for purposes of this subsection (a), the following shall not constitute a Change of Control:

(i) any acquisition of Common Stock directly from the Company,

(ii) any acquisition of Common Stock by the Company,

(iii) any acquisition of Common Stock by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or

(iv) any acquisition of Common Stock by any corporation pursuant to a transaction that complies with clauses (i), (ii) and (iii) of subsection (c) of this Section 1.3; or

(b) individuals who, as of the Change of Control Agreement Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Change of Control Agreement Date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered a member of the Incumbent Board, unless such individual's initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Incumbent Board; or

(c) consummation of a reorganization, merger or consolidation, or sale or other disposition of all of substantially all of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination,

(i) all or substantially all of the individuals and entities who were the beneficial owners of the Company's outstanding common stock and the Company's voting securities entitled to vote generally in the election of directors immediately prior to such Business Combination have direct or indirect beneficial ownership, respectively, of more than 50% of the then outstanding shares of common stock, and more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, of the corporation resulting from such Business Combination (which, for purposes of this paragraph (i) and paragraphs (ii) and (iii), shall include a corporation which as a result of such transaction controls the Company

or all or substantially all of the Company's assets either directly or through one or more subsidiaries), and

(ii) except to the extent that such ownership existed prior to the Business Combination, no person (excluding any corporation resulting from such Business Combination or any employee benefit plan or related trust of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 30% or more of the then outstanding shares of common stock of the corporation resulting from such Business Combination or 30% or more of the combined voting power of the then outstanding voting securities of such corporation, and

(iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

1.4 COMPANY DEFINED. As used in this Agreement, "Company" shall mean the Company as defined above and any successor to or assignee of (whether direct or indirect, by purchase, merger, consolidation or otherwise) all or substantially all of the assets or business of the Company.

1.5 DISABILITY DEFINED. "Disability" shall mean a condition that would entitle the Employee to receive benefits under the Company's long-term disability insurance policy in effect at the time either because he is totally disabled or partially disabled, as such terms are defined in the Company's policy in effect as of the date of this Agreement or as similar terms are defined in any successor policy. If the Company has no long-term disability plan in effect, "Disability" shall occur if (a) the Employee is rendered incapable because of physical or mental illness of satisfactorily discharging his duties and responsibilities to the Company for a period of 90 consecutive days, (b) a duly qualified physician chosen by the Company and acceptable to the Employee or his legal representatives so certifies in writing, and (c) the Board determines that the Employee has become disabled.

1.6 GOOD REASON DEFINED. "Good Reason" shall mean:

(a) Any failure of the Company or its Affiliates to provide the Employee with the position, authority, duties and responsibilities at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 120-day period immediately preceding the Change of Control. The Employee's position, authority, duties and responsibilities after a Change of Control shall be considered commensurate in all material respects with Employee's position, authority, duties and responsibilities prior to a Change of Control if after the Change of Control Employee either holds (i) an equivalent position in the Company or, (ii) if

the Company is controlled or will after the transaction be controlled by another company (directly or indirectly), an equivalent position in the ultimate parent company.

(b) The assignment to the Employee of any duties inconsistent in any material respect with Employee's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 3.1(b) of this Agreement, or any other action that results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith that is remedied within 10 days after receipt of written notice thereof from the Employee to the Company;

(c) Any failure by the Company or its Affiliates to comply with any of the provisions of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith that is remedied within 10 days after receipt of written notice thereof from the Employee to the Company;

(d) The Company or its Affiliates requiring the Employee to be based at any office or location other than as provided in Section 3.1(b)(ii) hereof or requiring the Employee to travel on business to a substantially greater extent than required immediately prior to the Change of Control;

(e) Any purported termination of the Employee's employment otherwise than as expressly permitted by this Agreement; or

(f) Any failure by the Company to comply with and satisfy Sections 4.1(c) and (d) of this Agreement.

ARTICLE II STATUS OF CHANGE OF CONTROL AGREEMENTS

Notwithstanding any provisions thereof, this Agreement supersedes the agreement dated October 8, 1986 between the Company and the Employee that provided for certain severance benefits in the event of a Change of Control of the Company, as defined therein.

ARTICLE III CHANGE OF CONTROL BENEFIT

3.1 EMPLOYMENT TERM AND CAPACITY AFTER CHANGE OF CONTROL. (a) This Agreement shall commence on the date hereof and continue in effect through December 31, 1997; provided, however, that commencing on January 1, 1998 and each January 1 thereafter, the term of this Agreement shall automatically be extended for one additional year unless, not later than September 30 of the preceding year, the Company shall have given notice that it does not wish to extend this Agreement; provided, further, that notwithstanding any such notice by the Company not to extend, if a Change of Control of the Company shall have occurred during the original or extended term of this Agreement, this Agreement shall continue in effect through the second anniversary of the Change of Control (such period following a Change of

Control being referred to herein as the "Employment Term"), subject to any earlier termination of Employee's status as an employee pursuant to this Agreement.

(b) After a Change of Control and during the Employment Term, (i) the Employee's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 120-day period immediately preceding the Change of Control and (ii) the Employee's service shall be performed during normal business hours at the Company's principal executive office, at its location at the time of the Change of Control, or the location where the Employee was employed immediately preceding the Change of Control or any relocation of the Company's principal executive office to a location that is not more than 35 miles from such current location. Employee's position, authority, duties and responsibilities after a Change of Control shall not be considered commensurate in all material respects with Employee's position, authority, duties and responsibilities prior to a Change of Control unless after the Change of Control Employee holds (x) an equivalent position in the Company or, (y) if the Company is controlled or will after the transaction be controlled by another company (directly or indirectly), an equivalent position in the ultimate parent company.

3.2 COMPENSATION AND BENEFITS. During the Employment Term, Employee shall be entitled to the following compensation and benefits:

(a) Base Salary. The Employee shall receive an annual base salary ("Base Salary"), which shall be paid at a monthly rate, at least equal to 12 times the highest monthly base salary that was paid or is payable, including any base salary which has been earned but deferred by the Employee, by the Company and its affiliated companies with respect to any month in the 12-month period ending with the month that immediately precedes the month in which the Change of Control occurs. During the Employment Term, the Base Salary shall be reviewed at such time as the Company undertakes a salary review of its other executive officers, and, to the extent that salary increases are granted to such other executive officers, the Employee shall be granted a salary increase commensurate with his peer executives of the Company and its affiliates. Any increase in Base Salary shall not serve to limit or reduce any other obligation to the Employee under this Agreement. Base Salary shall not be reduced after any such increase and the term Base Salary as utilized in this Agreement shall refer to Base Salary as so increased.

(b) Annual Bonus. In addition to Base Salary, the Employee shall be awarded, for each fiscal year ending during the Employment Term, an annual bonus (the "Bonus") in cash in an amount at least equal to the average of the annual bonuses paid to the Employee with respect to the three fiscal years that immediately precede the year in which the Change of Control occurs under the Company's annual bonus plan, or any comparable bonus under a successor plan. Each such Bonus shall be paid no later than the end of the third month of the fiscal year next following the fiscal year for which the Bonus is awarded, unless the Employee shall elect to defer the receipt of such Bonus.

(c) Fringe Benefits. The Employee shall be entitled to fringe benefits (including, but not limited to, automobile allowance, reimbursement for membership dues, and air travel) commensurate with those provided to other peer executive officers of the Company and its affiliated companies.

(d) Expenses. The Employee shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Employee in accordance with the most favorable agreements, policies, practices and procedures of the Company and its affiliated companies in effect for the Employee at any time during the 120-day period immediately preceding the Change of Control or, if more favorable to the Employee, as in effect generally at any time thereafter with respect to other peer employees of the Company and its affiliated companies.

(e) Incentive, Savings and Retirement Plans. The Employee shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs applicable generally to other peer employees of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Employee with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable than the most favorable of those provided by the Company and its affiliated companies for the Employee under any agreements, plans, practices, policies and programs as in effect at any time during the 120-day period immediately preceding the Change of Control or, if more favorable to the Employee, those provided generally at any time after the Change of Control to other peer employees of the Company and its affiliated companies.

(f) Welfare Benefit Plans. The Employee and/or the Employee's family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to other peer employees of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Employee with benefits, in each case, less favorable than the most favorable of any agreements, plans, practices, policies and programs in effect for the Employee at any time during the 120-day period immediately preceding the Change of Control or, if more favorable to the Employee, those provided generally at any time after the Change of Control to other peer employees of the Company and its affiliated companies.

(g) Office and Support Staff. The Employee shall be entitled to an office or offices of a size and with furnishings and other appointments, and to secretarial and other assistance, commensurate with those provided to other peer executive officers of the Company and its affiliated companies.

(h) Vacation. The Employee shall be entitled to paid vacation in accordance with the most favorable agreements, plans, policies, programs and practices of the Company and its affiliated companies as in effect for the Employee at any time during the 120-day period immediately preceding the Change of Control or, if more favorable to the Employee, as in effect generally at any time thereafter with respect to other peer employees of the Company and its affiliated companies.

(i) Indemnification. If in connection with any agreement related to a transaction that will result in a Change of Control of the Company, an undertaking is made to provide the Board of Directors with rights to indemnification from the Company (or from any other party to such agreement), the Employee shall, by virtue of this Agreement, be entitled to the same rights to indemnification as are provided to the Board of Directors pursuant to such agreement. Otherwise, the Employee shall be entitled to indemnification rights on terms no less favorable to Employee than those available under the Certificate of Incorporation, bylaws or resolutions of the Company at any time after the Change of Control to other peer employees of the Company. Such indemnification rights shall be with respect to all claims, actions, suits or proceedings to which the Employee is or is threatened to be made a party that arise out of or are connected to his services at any time prior to the termination of his employment, without regard to whether such claims, actions, suits or proceedings are made, asserted or arise during or after the Employment Term.

(j) Directors and Officers Insurance. If in connection with any agreement related to a transaction that will result in a Change of Control of the Company, an undertaking is made to provide the Board of Directors of the Company with continued coverage following the Change of Control under one or more directors and liability insurance policies, then the Employee shall, by virtue of this Agreement, be entitled to the same rights to continued coverage under such directors and officers liability insurance policies as are provided to the Board of Directors. Otherwise, the Company shall agree to cover Employee under any directors and officers liability insurance policies as are provided generally at any time after the Change of Control to other executive officers of the Company.

3.3 OBLIGATIONS UPON TERMINATION AFTER A CHANGE OF CONTROL.

(a) Termination by Company for Reasons other than Death, Disability or Cause or by Employee for Good Reason. If, after a Change of Control and during the Employment Term, the Company terminates the Employee's employment other than for Cause, death or Disability, or the Employee terminates employment for Good Reason,

(i) the Company shall pay to the Employee in a lump sum in cash within five business days of the date of termination an amount equal to three times the sum of (i) the amount of Base Salary in effect at the date of termination, plus (ii) the greater of (x) the average of the annual bonuses paid or to be paid to the Employee with respect to the immediately preceding three fiscal years or (y) the target Bonus for which the Employee is eligible for the

12-month period in which the date of termination occurs, as such target bonus has been established by the Company for such year;

(ii) for a period of thirty-six (36) months following the date of termination of employment (the "Continuation Period"), the Company shall at its expense continue on behalf of the Employee and his dependents and beneficiaries the life insurance, disability, medical, dental and hospitalization benefits provided (x) to the Employee at any time during the 120-day period prior to the Change in Control or at any time thereafter or (y) to other similarly situated executives who continue in the employ of the Company during the Continuation Period. The coverage and benefits (including deductibles and costs) provided in this Section 2.3(a)(ii) during the Continuation Period shall be no less favorable to the Employee and his dependents and beneficiaries, than the most favorable of such coverages and benefits during any of the periods referred to in clauses (x) or (y) above. In addition, if Employee has reached age 52 and has completed seven years of service at the time of a Change of Control, Employee shall automatically become vested in the post-retirement benefits provided under the Tidewater Group Welfare Benefits Plan (the "GWB Plan") and be entitled to receive, following termination of employment with the Company, all benefits that would be payable to Employee under the GWB Plan or any successor plan of the Company or its affiliated companies had the Employee retired from employment with the Company or one of its affiliated companies on the later of the third anniversary of the Change of Control or the Employee's date of retirement (as defined in the GWB Plan) from employment with the Company. The Company's obligation hereunder with respect to the foregoing benefits shall be limited to the extent that the Employee obtains any such benefits pursuant to a subsequent employer's benefit plans, in which case the Company may reduce the coverage of any benefits it is required to provide the Employee hereunder as long as the aggregate coverages and benefits of the combined benefit plans is no less favorable to the Employee than the coverages and benefits required to be provided hereunder. The Employee will be eligible for coverage under the Consolidated Omnibus Budget Reconciliation Act at the end of the Continuation Period or earlier cessation of the Company's obligation hereunder.

(iii) the Employee shall immediately become fully (100%) vested in his benefit under each supplemental or excess retirement plan of the Company in which the Employee was a participant, including, but not limited to the Tidewater, Inc. Supplemental Executive Retirement Plan (the "SERP"), the Supplemental Savings Plan and any successor plans;

(iv) the Company shall contribute to the trust established in connection with the SERP and the Supplemental Savings Plan (the "Trust") for the Employee's account in cash within five business days of the date of termination of employment an amount equal to the then present value of the actuarial equivalent of the additional benefits, if any, to which the Employee would be entitled under the Tidewater, Inc. Pension Plan, the SERP and any other

qualified or non-qualified defined benefit plan maintained by the Company and covering the Employee, regardless of the vesting requirements thereof, if the Employee had continued to be employed by the Company until the third anniversary of the Change of Control.

(v) the Company shall contribute to the Supplemental Savings Plan trust for the Employee's account in cash within five business days of the date of termination of employment an amount equal to the amount of employer contributions that would have been made on the Employee's behalf if the Employee had continued to participate in the Company's Savings Plan, the Company's Supplemental Savings Plan and any other qualified or non-qualified defined contribution plan maintained by the Company until the third anniversary of the Change of Control. Such contribution shall, in the case of a qualified plan, be calculated as if the Employee were fully vested and participating to the maximum extent permitted by such plan and, in the case of a non-qualified plan, be calculated on the same basis as the Employee was participating in such plans and, in all cases be calculated on the basis of the Employee's annual salary rate at the time of the Change of Control.

(vi) to the extent that Employee is not fully vested in his accrued benefits under the Pension Plan, the Savings Plan or any other qualified plan maintained by the Company, at the time of termination of employment, the Company shall contribute to the Trust, within five business days of the date of termination of employment, an amount in cash equal to the unvested but accrued benefits under such plans as of the date of termination of employment.

Any contributions by the Company to the Trust as provided herein shall be distributed at such time as shall be elected by the Employee at the time of execution of this Agreement, except that amounts relating to services previously provided shall be distributed in accordance with the provisions of the plans or the related participant elections to which such contributions relate. The benefits provided in this Section 3.3(a) shall be without regard to any amendment to any plans made after the Change of Control but prior to Employee's date of termination of employment, which amendment adversely affects in any manner the computation of benefits under such plans.

(b) Death. If, after a Change of Control and during the Employment Term, the Employee's status as an employee is terminated by reason of the Employee's death, this Agreement shall terminate without further obligation to the Employee's legal representatives (other than those already accrued to the Employee), other than the obligation to make any payments due pursuant to employee benefit plans maintained by the Company or its affiliated companies.

(c) Disability. If, after a Change of Control and during the Employment Term, the Employee's status as an employee is terminated by reason of Employee's Disability, this Agreement shall terminate without further obligation to the Employee

(other than those already accrued to the Employee), other than the obligation to make any payments due pursuant to employee benefit plans maintained by the Company or its affiliated companies.

(d) Cause. If, after a Change of Control and during the Employment Term, the Employee's status as an employee is terminated by the Company for Cause, this Agreement shall terminate without further obligation to the Employee other than for obligations imposed by law and obligations imposed pursuant to any employee benefit plan maintained by the Company or its affiliated companies.

(e) Voluntary Termination. If, after a Change of Control and during the Employment Term, the Employee voluntarily terminates his employment with the Company other than for Good Reason, this Agreement shall terminate without further obligation to the Employee other than for obligations imposed by law and obligations imposed pursuant to any employee benefit plan maintained by the Company or its affiliated companies.

3.4 ACCRUED OBLIGATIONS AND OTHER BENEFITS. It is the intent of this Agreement that upon termination of employment for any reason following a Change of Control the Employee be entitled to receive promptly, and in addition to any other benefits specifically provided, (a) the Employee's Base Salary through the date of termination to the extent not theretofore paid, (b) any accrued vacation pay, to the extent not theretofore paid, and (c) any other amounts or benefits required to be paid or provided or which the Employee is entitled to receive under any plan, program, policy practice or agreement of the Company.

3.5 STOCK OPTIONS AND RESTRICTED STOCK. The foregoing benefits are intended to be in addition to the value of any options to acquire Common Stock of the Company or restricted stock the exercisability or vesting of which is accelerated pursuant to the terms of any stock option, incentive or other similar plan heretofore or hereafter adopted by the Company.

3.6 CERTAIN ADDITIONAL PAYMENTS. Notwithstanding anything contained in this Agreement to the contrary, if the Employee would be subject to an excise tax by virtue of the "excess parachute payment" provisions of Section 4999 of the Internal Revenue Code of 1986, as amended (or any successor thereto) with respect to any amounts attributable to any payment or benefit provided under this Agreement, or any other payment or benefits provided to, or for the benefit of Employee under any other Company plan or arrangement (the "Payments"), and if the imposition of such excise tax could be avoided by a reduction of the benefits payable pursuant to this Agreement, then the payments due hereunder shall be automatically reduced by such amount as shall be necessary to eliminate any obligation of the Employee to pay such excise tax, provided however that if the amount by which any payments or benefits payable pursuant to this Agreement would have to be reduced to avoid the imposition of the excise tax would exceed the excise tax that would be payable with respect to any "excess parachute payments"(as such term is defined in the Code), then no such reduction of any payments hereunder shall be made.

3.7 LEGAL FEES. The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and expenses which the Employee may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, the Employee or others of the validity or enforceability of, or liability under, any provision of this Agreement (including as a result of any contest by the Employee about the amount or timing of any payment pursuant to this Agreement.)

3.8 SET-OFF; MITIGATION. After a Change of Control, the Company's and its Affiliates' obligations to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company or its Affiliates may have against the Employee or others; except that to the extent the Employee accepts other employment in connection with which he is provided health insurance benefits, the Company shall only be required to provide health insurance benefits to the extent the benefits provided by the Employee's employer are less favorable than the benefits to which he would otherwise be entitled hereunder. It is the intent of this Agreement that in no event shall the Employee be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Employee under any of the provisions of this Agreement.

3.9 OUTPLACEMENT ASSISTANCE. Upon any termination of employment of the Employee other than for Cause within two years following a Change of Control, the Company shall provide to the Employee outplacement assistance by a reputable firm specializing in such services for the period beginning with the termination of employment and ending three years following the Change of Control.

ARTICLE IV
MISCELLANEOUS

4.1 BINDING EFFECT; SUCCESSORS.

(a) This Agreement shall be binding upon and inure to the benefit of the Company and any of its successors or assigns.

(b) This Agreement is personal to the Employee and shall not be assignable by the Employee without the consent of the Company (there being no obligation to give such consent) other than such rights or benefits as are transferred by will or the laws of descent and distribution.

(c) The Company shall require any successor to or assignee of (whether direct or indirect, by purchase, merger, consolidation or otherwise) all or substantially all of the assets or businesses of the Company (i) to assume unconditionally and expressly this Agreement and (ii) to agree to perform or to cause to be performed all of the obligations under this Agreement in the same manner and to the same extent as would have been required of the Company had no assignment or succession occurred, such assumption to be set forth in a writing reasonably satisfactory to the Employee.

(d) The Company shall also require all entities that control or that after the transaction will control (directly or indirectly) the Company or any such successor or assignee to agree to cause to be performed all of the obligations under this Agreement, such agreement to be set forth in a writing reasonably satisfactory to the Employee.

4.2 NOTICES. All notices hereunder must be in writing and shall be deemed to have been given upon receipt of delivery by: (a) hand (against a receipt therefor), (b) certified or registered mail, postage prepaid, return receipt requested, (c) a nationally recognized overnight courier service (against a receipt therefor) or (d) telecopy transmission with confirmation of receipt. All such notices must be addressed as follows:

If to the Company, to:

Tidewater, Inc.
1440 Canal Street
New Orleans, Louisiana 70112

Attn: Cliffe F. Laborde

If to the Employee, to:

Ken C. Tamblyn
Tidewater, inc.
1440 Canal Street
New Orleans, Louisiana 70112

or such other address as to which any party hereto may have notified the other in writing.

4.3 GOVERNING LAW. This Agreement shall be construed and enforced in accordance with and governed by the internal laws of the State of Louisiana without regard to principles of conflict of laws.

4.4 WITHHOLDING. The Employee agrees that the Company has the right to withhold, from the amounts payable pursuant to this Agreement, all amounts required to be withheld under applicable income and/or employment tax laws, or as otherwise stated in documents granting rights that are affected by this Agreement.

4.5 AMENDMENT, WAIVER. No provision of this Agreement may be modified, amended or waived except by an instrument in writing signed by both parties.

4.6 SEVERABILITY. If any term or provision of this Agreement, or the application thereof to any person or circumstance, shall at any time or to any extent be invalid, illegal or unenforceable in any respect as written, Employee and the Company intend for any court construing this Agreement to modify or limit such provision so as to render it valid and enforceable to the fullest extent allowed by law. Any such provision that is not susceptible of

such reformation shall be ignored so as to not affect any other term or provision hereof, and the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid, illegal or unenforceable, shall not be affected thereby and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

4.7 WAIVER OF BREACH. The waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

4.8 REMEDIES NOT EXCLUSIVE. No remedy specified herein shall be deemed to be such party's exclusive remedy, and accordingly, in addition to all of the rights and remedies provided for in this Agreement, the parties shall have all other rights and remedies provided to them by applicable law, rule or regulation.

4.9 COMPANY'S RESERVATION OF RIGHTS. Employee acknowledges and understands that the Employee serves at the pleasure of the Board and that the Company has the right at any time to terminate Employee's status as an employee of the Company, or to change or diminish his status during the Employment Term, subject to the rights of the Employee to claim the benefits conferred by this Agreement.

4.10 COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Company and the Employee have caused this Agreement to be executed as of the Change of Control Agreement Date.

TIDEWATER, INC.

By:

Robert H. Boh
Chairman, Compensation Committee

EMPLOYEE:

Ken C. Tamblyn

CHANGE OF CONTROL AGREEMENT

This Change of Control Agreement ("the Agreement") between Tidewater, Inc., a Delaware corporation (the "Company"), and Joseph S. Bennett (the "Employee") is dated effective as of September 30, 1996 (the "Change of Control Agreement Date").

ARTICLE I
DEFINITIONS

1.1 AFFILIATE DEFINED. "Affiliate" or "affiliated companies" shall mean any company controlled by, controlling, or under common control with, the Company.

1.2 CAUSE DEFINED. "Cause" shall mean:

(a) the willful and continued failure of the Employee to perform substantially the Employee's duties with the Company or its affiliates (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Employee by the Board of the Company which specifically identifies the manner in which the Board believes that the Employee has not substantially performed the Employee's duties, or

(b) the willful engaging by the Employee in illegal conduct or gross misconduct.

For purposes of this provision, no act or failure to act, on the part of the Employee, shall be considered "willful" unless it is done, or omitted to be done, by the Employee in bad faith or without reasonable belief that the Employee's action or omission was in the best interests of the Company or its Affiliates. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of a senior officer of the Company or based upon the advice of counsel for the Company or its Affiliates shall be conclusively presumed to be done, or omitted to be done, by the Employee in good faith and in the best interests of the Company or its Affiliates. The cessation of employment of the Employee shall not be deemed to be for Cause unless his action or inaction meets the foregoing standard and until there shall have been delivered to the Employee a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Employee and the Employee is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Employee is guilty of the conduct described in subparagraph (a) or (b) above, and specifying the particulars thereof in detail.

1.3 CHANGE OF CONTROL DEFINED. "Change of Control" shall mean:

(a) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934 of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 30% of the outstanding shares of the Company's Common Stock, \$0.10 par value per share (the "Common Stock"); provided, however, that for purposes of this subsection (a), the following shall not constitute a Change of Control:

(i) any acquisition of Common Stock directly from the Company,

(ii) any acquisition of Common Stock by the Company,

(iii) any acquisition of Common Stock by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or

(iv) any acquisition of Common Stock by any corporation pursuant to a transaction that complies with clauses (i), (ii) and (iii) of subsection (c) of this Section 1.3; or

(b) individuals who, as of the Change of Control Agreement Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Change of Control Agreement Date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered a member of the Incumbent Board, unless such individual's initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Incumbent Board; or

(c) consummation of a reorganization, merger or consolidation, or sale or other disposition of all of substantially all of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination,

(i) all or substantially all of the individuals and entities who were the beneficial owners of the Company's outstanding common stock and the Company's voting securities entitled to vote generally in the election of directors immediately prior to such Business Combination have direct or indirect beneficial ownership, respectively, of more than 50% of the then outstanding shares of common stock, and more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, of the corporation resulting from such Business Combination (which, for purposes of this paragraph (i) and paragraphs (ii) and (iii), shall include a corporation which as a result of such transaction controls the Company

or all or substantially all of the Company's assets either directly or through one or more subsidiaries), and

(ii) except to the extent that such ownership existed prior to the Business Combination, no person (excluding any corporation resulting from such Business Combination or any employee benefit plan or related trust of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 30% or more of the then outstanding shares of common stock of the corporation resulting from such Business Combination or 30% or more of the combined voting power of the then outstanding voting securities of such corporation, and

(iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

1.4 COMPANY DEFINED. As used in this Agreement, "Company" shall mean the Company as defined above and any successor to or assignee of (whether direct or indirect, by purchase, merger, consolidation or otherwise) all or substantially all of the assets or business of the Company.

1.5 DISABILITY DEFINED. "Disability" shall mean a condition that would entitle the Employee to receive benefits under the Company's long-term disability insurance policy in effect at the time either because he is totally disabled or partially disabled, as such terms are defined in the Company's policy in effect as of the date of this Agreement or as similar terms are defined in any successor policy. If the Company has no long-term disability plan in effect, "Disability" shall occur if (a) the Employee is rendered incapable because of physical or mental illness of satisfactorily discharging his duties and responsibilities to the Company for a period of 90 consecutive days, (b) a duly qualified physician chosen by the Company and acceptable to the Employee or his legal representatives so certifies in writing, and (c) the Board determines that the Employee has become disabled.

1.6 GOOD REASON DEFINED. "Good Reason" shall mean:

(a) Any failure of the Company or its Affiliates to provide the Employee with the position, authority, duties and responsibilities at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 120-day period immediately preceding the Change of Control. The Employee's position, authority, duties and responsibilities after a Change of Control shall be considered commensurate in all material respects with Employee's position, authority, duties and responsibilities prior to a Change of Control if after the Change of Control Employee either holds (i) an equivalent position in the Company or, (ii) if

the Company is controlled or will after the transaction be controlled by another company (directly or indirectly), an equivalent position in the ultimate parent company.

(b) The assignment to the Employee of any duties inconsistent in any material respect with Employee's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 3.1(b) of this Agreement, or any other action that results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith that is remedied within 10 days after receipt of written notice thereof from the Employee to the Company;

(c) Any failure by the Company or its Affiliates to comply with any of the provisions of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith that is remedied within 10 days after receipt of written notice thereof from the Employee to the Company;

(d) The Company or its Affiliates requiring the Employee to be based at any office or location other than as provided in Section 3.1(b)(ii) hereof or requiring the Employee to travel on business to a substantially greater extent than required immediately prior to the Change of Control;

(e) Any purported termination of the Employee's employment otherwise than as expressly permitted by this Agreement; or

(f) Any failure by the Company to comply with and satisfy Sections 4.1(c) and (d) of this Agreement.

ARTICLE II STATUS OF CHANGE OF CONTROL AGREEMENTS

This Agreement supersedes the agreement dated June 25, 1992 between the Company and the Employee that provided for certain severance benefits in the event of a Change of Control of the Company, as defined therein.

ARTICLE III CHANGE OF CONTROL BENEFIT

3.1 EMPLOYMENT TERM AND CAPACITY AFTER CHANGE OF CONTROL. (a) This Agreement shall commence on the date hereof and continue in effect through December 31, 1996; provided, however, that commencing on January 1, 1997 and each January 1 thereafter, the term of this Agreement shall automatically be extended for one additional year unless, not later than September 30 of the preceding year, the Company shall have given notice that it does not wish to extend this Agreement; provided, further, that notwithstanding any such notice by the Company not to extend, if a Change of Control of the Company shall have occurred during the original or extended term of this Agreement, this Agreement shall continue in effect through the second anniversary of the Change of Control (such period following a Change of

Control being referred to herein as the "Employment Term"), subject to any earlier termination of Employee's status as an employee pursuant to this Agreement.

(b) After a Change of Control and during the Employment Term, (i) the Employee's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 120-day period immediately preceding the Change of Control and (ii) the Employee's service shall be performed during normal business hours at the Company's principal executive office at its location at the time of the Change of Control or the location where the Employee was employed immediately preceding the Change of Control or any relocation of the Company's principal executive office to a location that is not more than 35 miles from such current location. Employee's position, authority, duties and responsibilities after a Change of Control shall not be considered commensurate in all material respects with Employee's position, authority, duties and responsibilities prior to a Change of Control unless after the Change of Control Employee holds an equivalent position in the Company.

3.2 COMPENSATION AND BENEFITS. During the Employment Term, Employee shall be entitled to the following compensation and benefits:

(a) Base Salary. The Employee shall receive an annual base salary ("Base Salary"), which shall be paid at a monthly rate, at least equal to 12 times the highest monthly base salary that was paid or is payable, including any base salary which has been earned but deferred by the Employee, by the Company and its affiliated companies with respect to any month in the 12-month period ending with the month that immediately precedes the month in which the Change of Control occurs. During the Employment Term, the Base Salary shall be reviewed at such time as the Company undertakes a salary review of other peer employees, and, to the extent that salary increases are granted to such other peer employees, the Employee shall be granted a salary increase commensurate with his peer employees of the Company and its affiliated companies for the year of determination. Any increase in Base Salary shall not serve to limit or reduce any other obligation to the Employee under this Agreement. Base Salary shall not be reduced after any such increase and the term Base Salary as utilized in this Agreement shall refer to Base Salary as so increased.

(b) Annual Bonus. In addition to Base Salary, the Employee shall be awarded, for each fiscal year ending during the Employment Term, an annual bonus (the "Bonus") in cash in an amount at least equal to the average of the annual bonuses paid to the Employee with respect to the three fiscal years that immediately precede the year in which the Change of Control occurs under the Company's annual bonus plan, or any comparable bonus under a successor plan. Each such Bonus shall be paid no later than the end of the third month of the fiscal year next following the fiscal year for which the Bonus is awarded, unless the Employee shall elect to defer the receipt of such Bonus.

(c) Fringe Benefits. The Employee shall be entitled to fringe benefits (including, but not limited to, automobile allowance, reimbursement for membership dues, and air travel) commensurate with those provided to other peer employees of the Company and its affiliated companies.

(d) Expenses. The Employee shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Employee in accordance with the most favorable agreements, policies, practices and procedures of the Company and its affiliated companies in effect for the Employee at any time during the 120-day period immediately preceding the Change of Control or, if more favorable to the Employee, as in effect generally at any time thereafter with respect to other peer employees of the Company and its affiliated companies.

(e) Incentive, Savings and Retirement Plans. The Employee shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs applicable generally to other peer employees of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Employee with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable than the most favorable of those provided by the Company and its affiliated companies for the Employee under any agreements, plans, practices, policies and programs as in effect at any time during the 120-day period immediately preceding the Change of Control or, if more favorable to the Employee, those provided generally at any time after the Change of Control to other peer employees of the Company and its affiliated companies.

(f) Welfare Benefit Plans. The Employee and/or the Employee's family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to other peer employees of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Employee with benefits, in each case, less favorable than the most favorable of any agreements, plans, practices, policies and programs in effect for the Employee at any time during the 120-day period immediately preceding the Change of Control or, if more favorable to the Employee, those provided generally at any time after the Change of Control to other peer employees of the Company and its affiliated companies.

(g) Office and Support Staff. The Employee shall be entitled to an office or offices of a size and with furnishings and other appointments, and to secretarial and other assistance, commensurate with those provided to other peer employees of the Company and its affiliated companies.

(h) Vacation. The Employee shall be entitled to paid vacation in accordance with the most favorable agreements, plans, policies, programs and practices of the Company and its affiliated companies as in effect for the Employee at any time during the 120-day period immediately preceding the Change of Control or, if more favorable to the Employee, as in effect generally at any time thereafter with respect to other peer employees of the Company and its affiliated companies.

(i) Indemnification. If in connection with any agreement related to a transaction that will result in a Change of Control of the Company, an undertaking is made to provide the Board of Directors with rights to indemnification from the Company (or any other party to such agreement), the Employee shall, by virtue of this Agreement, be entitled to the same rights to indemnification as are provided to the Board of Directors pursuant to such agreement. Otherwise, the Employee shall be entitled to indemnification rights on terms no less favorable to Employee than those available under the Certificate of Incorporation, bylaws or resolutions of the Company at any time after the change of control to other peer employees of the Company. Such indemnification rights shall be with respect to all claims, actions, suits or proceedings to which the Employee is or is threatened to be made a party that arise out of or are connected to his services at any time prior to the termination of his employment, without regard to whether such claims, actions, suits or proceedings are made, asserted or arise during or after the Employment Term.

(j) Directors and Officers Insurance. If in connection with any agreement related to a transaction that will result in a Change of Control of the Company, an undertaking is made to provide the Board of Directors of the Company with continued coverage following the change of control under one or more directors and liability insurance policies, then the Employee shall, by virtue of this Agreement, be entitled to the same rights to continued coverage under such directors and officers liability insurance policies as are provided to the Board of Directors. Otherwise, the Company shall agree to cover Employee under any directors and liability insurance policies on terms provided generally at any time after the Change of Control to other peer employees of the Company.

3.3 OBLIGATIONS UPON TERMINATION AFTER A CHANGE OF CONTROL.

(a) Termination by Company for Reasons other than Death, Disability or Cause or by Employee for Good Reason. If, after a Change of Control and during the Employment Term, the Company terminates the Employee's employment other than for Cause, death or Disability, or the Employee terminates employment for Good Reason, then, subject to Section 3.6 hereof,

(i) the Company shall pay to the Employee in a lump sum in cash within five business days of the date of termination an amount equal to two times the sum of (i) the amount of Base Salary in effect at the date of termination, plus (ii) the greater of (x) the average of the annual bonuses paid or to be paid to the Employee with respect to the immediately preceding three

fiscal years or (y) the target Bonus for which the Employee is eligible for the 12-month period in which the date of termination occurs, as such target bonus has been established by the Company for such year;

(ii) for a period of twenty-four (24) months following the date of termination of employment (the "Continuation Period"), the Company shall at its expense continue on behalf of the Employee and his dependents and beneficiaries the life insurance, disability, medical, dental and hospitalization benefits provided (x) to the Employee at any time during the 120-day period prior to the Change in Control or at any time thereafter or (y) to other similarly situated executives who continue in the employ of the Company during the Continuation Period. The coverage and benefits (including deductibles and costs) provided in this Section 2.3(a)(ii) during the Continuation Period shall be no less favorable to the Employee and his dependents and beneficiaries, than the most favorable of such coverages and benefits during any of the periods referred to in clauses (x) or (y) above. In addition, if Employee has reached age 53 and has completed eight years of service at the time of a Change of Control, Employee shall automatically become vested in the post-retirement benefits provided under the Tidewater Group Welfare Benefits Plan (the "GWB Plan") and be entitled to receive, following termination of employment with the Company, all benefits that would be payable to Employee under the GWB Plan or any successor plan of the Company or its affiliated companies had the Employee retired from employment with the Company or one of its affiliated companies on the later of the third anniversary of the Change of Control or the Employee's date of retirement (as defined in the GWB Plan) from employment with the Company. The Company's obligation hereunder with respect to the foregoing benefits shall be limited to the extent that the Employee obtains any such benefits pursuant to a subsequent employer's benefit plans, in which case the Company may reduce the coverage of any benefits it is required to provide the Employee hereunder as long as the aggregate coverages and benefits of the combined benefit plans is no less favorable to the Employee than the coverages and benefits required to be provided hereunder. The Employee will be eligible for coverage under the Consolidated Omnibus Budget Reconciliation Act at the end of the Continuation Period or earlier cessation of the Company's obligation hereunder.

(iii) the Employee shall immediately become fully (100%) vested in his benefit under each supplemental or excess retirement plan of the Company in which the Employee was a participant, including, but not limited to the Tidewater, Inc. Supplemental Executive Retirement Plan (the "SERP"), the Supplemental Savings Plan and any successor plans;

(iv) the Company shall contribute to the trust established in connection with the SERP and the Supplemental Savings Plan (the "Trust") for the Employee's account in cash within five business days of the date of termination of employment an amount equal to the then present value of the actuarial equivalent of the additional benefits, if any, to which the Employee would be

entitled under the Tidewater, Inc. Pension Plan, the SERP and any other qualified or non-qualified defined benefit plan maintained by the Company and covering the Employee, regardless of the vesting requirements thereof, if the Employee had continued to be employed by the Company until the second anniversary of the Change of Control.

(v) the Company shall contribute to the Supplemental Savings Plan trust for the Employee's account in cash within five business days of the date of termination of employment an amount equal to the amount of employer contributions that would have been made on the Employee's behalf if the Employee had continued to participate in the Company's Savings Plan, the Company's Supplemental Savings Plan and any other qualified or non-qualified defined contribution plan maintained by the Company until the second anniversary of the Change of Control. Such contribution shall, in the case of a qualified plan, be calculated as if the Employee were participating to the maximum extent permitted by such plan and, in the case of a non-qualified plan, be calculated on the same basis as the Employee was participating in such plans and, in all cases be calculated on the basis of the Employee's annual salary rate at the time of the Change of Control.

(vi) to the extent that Employee is not fully vested in his accrued benefits under the Pension Plan, the Savings Plan or any other qualified plan maintained by the Company, at the time of termination of employment, the Company shall contribute to the Trust, within five business days of the date of termination of employment, an amount in cash equal to the unvested but accrued benefits under such plans as of the date of termination of employment.

Any contributions by the Company to the Trust as provided herein shall be distributed at such time as shall be elected by the Employee at the time of execution of this Agreement, except that amounts relating to services previously provided shall be distributed in accordance with the provisions of the plans or the related participant elections to which such contributions relate. The benefits provided in this Section 3.3(a) shall be without regard to any amendment to any plans made after the Change of Control but prior to Employee's date of termination of employment, which amendment adversely affects in any manner the computation of benefits under such plans.

(b) Death. If, after a Change of Control and during the Employment Term, the Employee's status as an employee is terminated by reason of the Employee's death, this Agreement shall terminate without further obligation to the Employee's legal representatives (other than those already accrued to the Employee), other than the obligation to make any payments due pursuant to employee benefit plans maintained by the Company or its affiliated companies.

(c) Disability. If, after a Change of Control and during the Employment Term, the Employee's status as an employee is terminated by reason of Employee's

Disability, this Agreement shall terminate without further obligation to the Employee (other than those already accrued to the Employee), other than the obligation to make any payments due pursuant to employee benefit plans maintained by the Company or its affiliated companies.

(d) Cause. If, after a Change of Control and during the Employment Term, the Employee's status as an employee is terminated by the Company for Cause, this Agreement shall terminate without further obligation to the Employee other than for obligations imposed by law and obligations imposed pursuant to any employee benefit plan maintained by the Company or its affiliated companies.

(e) Voluntary Termination. If, after a Change of Control and during the Employment Term, the Employee voluntarily terminates his employment with the Company other than for Good Reason, this Agreement shall terminate without further obligation to the Employee other than for obligations imposed by law and obligations imposed pursuant to any employee benefit plan maintained by the Company or its affiliated companies.

3.4 ACCRUED OBLIGATIONS AND OTHER BENEFITS. It is the intent of this Agreement that upon termination of employment for any reason following a Change of Control the Employee be entitled to receive promptly, and in addition to any other benefits specifically provided, (a) the Employee's Base Salary through the date of termination to the extent not theretofore paid, (b) any accrued vacation pay, to the extent not theretofore paid, and (c) any other amounts or benefits required to be paid or provided or which the Employee is entitled to receive under any plan, program, policy practice or agreement of the Company.

3.5 STOCK OPTIONS AND RESTRICTED STOCK. The foregoing benefits are intended to be in addition to the value of any options to acquire Common Stock of the Company or restricted stock the exercisability or vesting of which is accelerated pursuant to the terms of any stock option, incentive or other similar plan heretofore or hereafter adopted by the Company.

3.6 LIMITATION ON PAYMENTS. Notwithstanding anything contained in this Agreement to the contrary, to the extent that any payment or benefit provided under this Agreement and benefits provided to, or for the benefit of, the Employee under any other Company plan or arrangement or any agreement with the Company, [any person whose actions result in a change in control of the Company] or any person affiliated with the Company or such person (such payments or benefits are collectively referred to as the "Payments") would not be deductible (in whole or in part) as a result of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), the Payments shall be reduced (but not below zero) until no portion of the Payments is not deductible by the Company as a result of Section 280G of the Code (such reduced amount is hereinafter referred to as the "Limited Payment Amount"). Unless the Employee shall have given prior written notice specifying a different order to the Company to effectuate the Limited Payment Amount, the Company shall reduce or eliminate the Payments, by first reducing or eliminating those payments or benefits that are not payable in cash and then by reducing or eliminating cash payments, in each case in reverse order

beginning with payments or benefits which are to be paid the farthest in time from the Determination (as hereinafter defined). Any notice given by the Employee pursuant to the preceding sentence shall take precedence over the provisions of any other plan, arrangement or agreement governing the Employee's rights and entitlements to any benefits or compensation. A determination as to whether the Payments shall be reduced to the Limited Payment Amount pursuant to the Plan and the amount of such Limited Payment Amount shall be made by the Company's auditors that served as the Company's independent auditors 120 days preceding the Change of Control (the "Auditors") at the Company's expense. The Auditors shall provide their determination (the "Determination"), together with detailed supporting calculations and documentation to the Company and the Employee.

3.7 LEGAL FEES. The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and expenses which the Employee may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, the Employee or others of the validity or enforceability of, or liability under, any provision of this Agreement (including as a result of any contest by the Employee about the amount or timing of any payment pursuant to this Agreement.)

3.8 SET-OFF; MITIGATION. After a Change of Control, the Company's and its Affiliates' obligations to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company or its Affiliates may have against the Employee or others; except that to the extent the Employee accepts other employment in connection with which he is provided health insurance benefits, the Company shall only be required to provide health insurance benefits to the extent the benefits provided by the Employee's employer are less favorable than the benefits to which he would otherwise be entitled hereunder. It is the intent of this Agreement that in no event shall the Employee be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Employee under any of the provisions of this Agreement.

3.9 OUTPLACEMENT ASSISTANCE. Upon any termination of employment of the Employee other than for Cause within three years following a Change of Control, the Company shall provide to the Employee outplacement assistance by a reputable firm specializing in such services for the period beginning with the termination of employment and ending two years following the Change of Control.

ARTICLE IV MISCELLANEOUS

4.1 BINDING EFFECT; SUCCESSORS.

(a) This Agreement shall be binding upon and inure to the benefit of the Company and any of its successors or assigns.

(b) This Agreement is personal to the Employee and shall not be assignable by the Employee without the consent of the Company (there being no obligation to give such

consent) other than such rights or benefits as are transferred by will or the laws of descent and distribution.

(c) The Company shall require any successor to or assignee of (whether direct or indirect, by purchase, merger, consolidation or otherwise) all or substantially all of the assets or businesses of the Company (i) to assume unconditionally and expressly this Agreement and (ii) to agree to perform or to cause to be performed all of the obligations under this Agreement in the same manner and to the same extent as would have been required of the Company had no assignment or succession occurred, such assumption to be set forth in a writing reasonably satisfactory to the Employee.

(d) The Company shall also require all entities that control or that after the transaction will control (directly or indirectly) the Company or any such successor or assignee to agree to cause to be performed all of the obligations under this Agreement, such agreement to be set forth in a writing reasonably satisfactory to the Employee.

4.2 NOTICES. All notices hereunder must be in writing and shall be deemed to have been given upon receipt of delivery by: (a) hand (against a receipt therefor), (b) certified or registered mail, postage prepaid, return receipt requested, (c) a nationally recognized overnight courier service (against a receipt therefor) or (d) telecopy transmission with confirmation of receipt. All such notices must be addressed as follows:

If to the Company, to:

Tidewater, Inc.
1440 Canal Street
New Orleans, Louisiana 70112

Attn: Cliffe F. Laborde

If to the Employee, to:

Joseph S. Bennett
Tidewater Inc.
1440 Canal Street
New Orleans, Louisiana 70112

or such other address as to which any party hereto may have notified the other in writing.

4.3 GOVERNING LAW. This Agreement shall be construed and enforced in accordance with and governed by the internal laws of the State of Louisiana without regard to principles of conflict of laws.

4.4 WITHHOLDING. The Employee agrees that the Company has the right to withhold, from the amounts payable pursuant to this Agreement, all amounts required to be withheld

under applicable income and/or employment tax laws, or as otherwise stated in documents granting rights that are affected by this Agreement.

4.5 AMENDMENT, WAIVER. No provision of this Agreement may be modified, amended or waived except by an instrument in writing signed by both parties.

4.6 SEVERABILITY. If any term or provision of this Agreement, or the application thereof to any person or circumstance, shall at any time or to any extent be invalid, illegal or unenforceable in any respect as written, Employee and the Company intend for any court construing this Agreement to modify or limit such provision so as to render it valid and enforceable to the fullest extent allowed by law. Any such provision that is not susceptible of such reformation shall be ignored so as to not affect any other term or provision hereof, and the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid, illegal or unenforceable, shall not be affected thereby and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

4.7 WAIVER OF BREACH. The waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

4.8 REMEDIES NOT EXCLUSIVE. No remedy specified herein shall be deemed to be such party's exclusive remedy, and accordingly, in addition to all of the rights and remedies provided for in this Agreement, the parties shall have all other rights and remedies provided to them by applicable law, rule or regulation.

4.9 COMPANY'S RESERVATION OF RIGHTS. Employee acknowledges and understands that the Employee serves at the pleasure of the Board and that the Company has the right at any time to terminate Employee's status as an employee of the Company, or to change or diminish his status during the Employment Term, subject to the rights of the Employee to claim the benefits conferred by this Agreement.

4.10 COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Company and the Employee have caused this Agreement to be executed as of the Change of Control Agreement Date.

TIDEWATER, INC.

By:

William C. O'Malley
Chairman of the Board, President
and Chief Executive Officer

EMPLOYEE:

Joseph S. Bennett

TIDEWATER INC.
 COMPUTATION OF EARNINGS AND SHARES USED IN ARRIVING AT
 PRIMARY AND FULLY-DILUTED EARNINGS PER SHARE FOR THE
 QUARTER AND SIX-MONTH PERIOD ENDED SEPTEMBER 30, 1996

	Quarter Ended September 30, 1996 -----	Six Months Ended September 30, 1996 -----
Net earnings (in thousands)	\$ 32,952 =====	\$ 57,322 =====
Computation of weighted average number of shares outstanding: -----		
Issued: 62,022,356 shares		
Weighted average shares outstanding	62,013,762	61,979,502
Plus incremental shares applicable to stock options	581,166 -----	648,624 -----
Weighted average common shares and equivalents	62,594,928 =====	62,628,126 =====
Primary and fully diluted earnings per common share	\$.53 =====	\$.92 =====

This schedule contains summary financial information extracted from the condensed consolidated balance sheet and the condensed consolidated statements of earnings at the date and for the period indicated and is qualified in its entirety by reference to such financial statements. All amounts shown are in thousands of dollars, except per share data.

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6-MOS		
	MAR-31-1997	
	APR-01-1996	
	SEP-30-1996	
		28,114
		6,188
		178,901
		7,994
		32,983
	241,963	
		1,628,980
		926,140
	1,037,767	
	96,080	
		0
	0	
		0
		6,202
		775,432
1,037,767		
		369,766
	369,766	
		291,039
		291,039
		0
		0
		534
		84,269
		26,947
	57,322	
		0
		0
		0
		57,322
		.92
		.92