Table of Contents

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

FORM 10-Q

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

For the quarterly period ended September 30, 2011

OR

☐ **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 001-32108

Hornbeck Offshore Services, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**72-1375844**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

103 NORTHPARK BOULEVARD, SUITE 300
COVINGTON, LA 70433
(Address of Principal Executive Offices) (Zip Code)

(985) 727-2000
(Registrant's Telephone Number, Including Area Code)

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

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

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

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

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

The total number of shares of common stock, par value $.01 per share, outstanding as of October 31, 2011 was 26,926,899.

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2011

TABLE OF CONTENTS

PART 1—FINANCIAL INFORMATION

Item 1—Financial Statements

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)

	September 30, 2011	December 31, 2010
ASSETS	(Unaudited)	
Current assets:		
Cash and cash equivalents	$ 131,919	$ 126,966
Accounts receivable, net of allowance for doubtful accounts of $2,238 and $734, respectively	90,985	71,777
Other current assets	21,856	17,598
Total current assets	244,760	216,341
Property, plant and equipment, net	1,573,692	1,606,121
Deferred charges, net	44,104	41,058
Other assets	14,450	14,905
Total assets	$ 1,877,006	$ 1,878,425
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 31,680	$ 25,100
Accrued interest	9,315	9,024
Accrued payroll and benefits	10,206	13,413
Deferred revenue	2,777	2,197
Other accrued liabilities	8,397	4,451
Total current liabilities	62,375	54,185
Long-term debt, net of original issue discount of $32,539 and $41,767, respectively	767,461	758,233
Deferred tax liabilities, net	216,564	222,413
Other liabilities	1,347	1,717
Total liabilities	1,047,747	1,036,548
Stockholders' equity:		
Preferred stock: $0.01 par value; 5,000 shares authorized; no shares issued and outstanding	—	—
Common stock: $0.01 par value; 100,000 shares authorized; 26,927 and 26,584 shares issued and outstanding, respectively	270	266
Additional paid-in-capital	420,158	415,673
Retained earnings	408,832	425,634
Accumulated other comprehensive income (loss)	(1)	304
Total stockholders' equity	829,259	841,877
Total liabilities and stockholders' equity	$ 1,877,006	$ 1,878,425

The accompanying notes are an integral part of these consolidated statements.

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
	(Unaudited)		(Unaudited)	
Revenues	$105,827	$125,351	$258,911	$323,482
Costs and expenses:				
Operating expenses	62,744	53,241	152,780	146,080
Depreciation	15,230	15,012	45,759	43,275
Amortization	5,155	4,775	15,320	13,671
General and administrative expenses	9,045	9,733	27,406	28,294
	92,174	82,761	241,265	231,320
Gain on sale of assets	976	725	1,535	1,344
Operating income	14,629	43,315	19,181	93,506
Other income (expense):				
Interest income	156	104	575	353
Interest expense	(15,062)	(14,422)	(44,976)	(40,353)
Other income (expense), net	(19)	22	58	257
	(14,925)	(14,296)	(44,343)	(39,743)
Income (loss) before income taxes	(296)	29,019	(25,162)	53,763
Income tax (expense) benefit	(445)	(10,816)	8,360	(19,962)
Net income (loss)	$ (741)	$ 18,203	$ (16,802)	$ 33,801
Basic earnings (loss) per common share	$ (0.03)	$ 0.69	$ (0.63)	$ 1.28
Diluted earnings (loss) per common share	$ (0.03)	$ 0.67	$ (0.63)	$ 1.24
Weighted average basic shares outstanding	26,919	26,446	26,839	26,365
Weighted average diluted shares outstanding	26,919	27,192	26,839	27,157

The accompanying notes are an integral part of these consolidated statements.

HORNBECK OFFSHORE SERVICES, INC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Nine Months Ended September 30,	
	2011	2010
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (16,802)	$ 33,801
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	45,759	43,275
Amortization	15,320	13,671
Stock-based compensation expense	5,654	6,835
Provision for bad debts	1,504	(98)
Deferred tax expense (benefit)	(9,519)	19,471
Amortization of deferred financing costs	11,803	11,317
Gain on sale of assets	(1,535)	(1,344)
Equity in loss from investment	—	6
Changes in operating assets and liabilities:		
Accounts receivable	(19,663)	(12,850)
Other receivables and current assets	(3,530)	8,136
Deferred drydocking charges	(16,478)	(15,661)
Accounts payable	6,007	1,722
Accrued liabilities and other liabilities	(1,636)	(6,608)
Accrued interest	292	(154)
Net cash provided by operating activities	17,176	101,519
CASH FLOWS FROM INVESTING ACTIVITIES:		
Costs incurred for MPSV program	—	(8,533)
Costs incurred for OSV newbuild program #4	—	(26,984)
Net proceeds from sale of assets	11,335	2,799
Vessel capital expenditures	(22,586)	(22,134)
Non-vessel capital expenditures	(1,382)	(1,497)
Net cash used in investing activities	(12,633)	(56,349)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Deferred financing costs	(490)	(65)
Net cash proceeds from other shares issued	1,205	743
Net cash provided by financing activities	715	678
Effects of exchange rate changes on cash	(305)	100
Net increase in cash and cash equivalents	4,953	45,948
Cash and cash equivalents at beginning of period	126,966	51,019
Cash and cash equivalents at end of period	$131,919	$ 96,967
SUPPLEMENTAL DISCLOSURES OF CASH FLOW ACTIVITIES:		
Cash paid for interest	$ 32,481	$ 32,640
Cash paid for income taxes	$ 833	$ 2,599

The accompanying notes are an integral part of these consolidated statements.

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

The accompanying unaudited consolidated financial statements do not include certain information and footnote disclosures required by United States generally accepted accounting principles, or GAAP. The interim financial statements and notes are presented as permitted by instructions to the Quarterly Report on Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, all adjustments necessary for a fair presentation of the interim financial statements have been included and consist only of normal recurring items. The unaudited quarterly financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Annual Report on Form 10-K of Hornbeck Offshore Services, Inc. (together with its subsidiaries, the “Company”) for the year ended December 31, 2010. The results of operations for the three and nine months ended September 30, 2011 are not necessarily indicative of the results that may be expected for the year ending December 31, 2011.

The consolidated balance sheet at December 31, 2010 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by GAAP for complete financial statements.

Recent Accounting Pronouncements

In September 2011, the Financial Accounting Standards Board, or FASB, issued guidance that simplified how entities test for goodwill impairment. This guidance permits entities to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform a two-step goodwill impairment test. This guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, and early adoption is permitted. We plan to early adopt this guidance for our annual goodwill impairment test that will be conducted as of November 30, 2011. This guidance is not expected to have a material effect on our financial condition or results of operations.

In June 2011, the FASB amended the rules relating to the presentation of comprehensive income. The amendments give the Company the option to present the total comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. These amendments are effective for fiscal years and interim periods within those years, beginning on or after December 15, 2011. The Company has not determined which method of presentation it will elect.

Management does not expect other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies to have a material impact on the Company’s financial position, results of operations or cash flows.

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

2. Earnings (Loss) Per Share

Basic earnings (loss) per common share was calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per common share was calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the year plus the effect of dilutive stock options and restricted stock unit awards. Weighted average number of common shares outstanding was calculated by using the sum of the shares determined on a daily basis divided by the number of days in the period. The table below reconciles the Company's earnings (loss) per share (in thousands, except for per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net income (loss)	$ (741)	$ 18,203	$(16,802)	$33,801
Weighted average number of shares of common stock outstanding	26,919	26,446	26,839	26,365
Add: Net effect of dilutive stock options and unvested restricted stock (1)(2)	—	746	—	792
Adjusted weighted average number of shares of common stock outstanding (3)	26,919	27,192	26,839	27,157
Earnings (loss) per common share:				
Basic	$ (0.03)	$ 0.69	$ (0.63)	$ 1.28
Diluted	$ (0.03)	$ 0.67	$ (0.63)	$ 1.24

(1) Due to a net loss, the Company excluded, for the calculation of loss per share, the effect of equity awards representing the rights to acquire 1,209 and 1,201 shares of common stock for the three and nine months ended September 30, 2011, respectively, because the effect was anti-dilutive. Stock options representing the rights to acquire 401 and 402 shares of common stock for the three and nine months ended September 30, 2010, respectively, were excluded from the calculation of diluted earnings per share, because the effect was anti-dilutive after considering the exercise price of the options in comparison to the average market price, proceeds from exercise, taxes, and related unamortized compensation expense.

(2) As of September 30, 2011 and 2010, the 1.625% convertible senior notes were not dilutive, as the average price of the Company's stock was less than the effective conversion price of such notes, which is $62.59 per share.

(3) Dilutive restricted stock is expected to fluctuate from quarter to quarter depending on the Company's performance compared to a predetermined set of performance criteria. See Note 4 to these financial statements for further information regarding certain of the Company's restricted stock.

3. Long-Term Debt

As of the dates indicated, the Company had the following outstanding long-term debt (in thousands):

	September 30, 2011	December 31, 2010
6.125% senior notes due 2014, net of original issue discount of $231 and $279	$ 299,769	$ 299,721
8.000% senior notes due 2017, net of original issue discount of $5,760 and $6,305	244,240	243,695
1.625% convertible senior notes due 2026, net of original issue discount of $26,548 and $35,183 (1)	223,452	214,817
Revolving credit facility due 2013	—	—
	767,461	758,233
Less current maturities	—	—
	$ 767,461	$ 758,233

(1) The notes initially bear interest at a fixed rate of 1.625% per year, declining to 1.375% beginning on November 15, 2013.

The Company's 6.125% senior notes due 2014, or 2014 senior notes, have semi-annual cash interest payments of $9.2 million due and payable each June 1 and December 1. The Company's 8.000% senior notes due 2017, or 2017 senior notes, have semi-annual cash interest payments of

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

$10.0 million due and payable each March 1 and September 1. The Company's 1.625% convertible senior notes due 2026, or convertible senior notes, have semi-annual cash interest payments of $2.0 million due May 15 and November 15, declining to 1.375%, or $1.7 million semi-annually, beginning on November 15, 2013. Subject to certain conversion and redemption features of the convertible senior notes, holders of such notes may require the Company to purchase all or a portion of their notes on each of November 15, 2013, November 15, 2016 and November 15, 2021.

On November 2, 2011, the Company amended and restated its revolving credit facility, which increased its borrowing base to $300.0 million and included an accordion feature that allows for the potential expansion of the facility up to an aggregate of $500.0 million. The key changes to the Company's revolving credit facility were as follows:

- The amended facility extends the maturity from March 2013 to November 2016, unless the Company's 6.125% senior notes remain outstanding on June 1, 2014, in which case the facility would mature on such date.
- The minimum interest coverage ratio will be 2.00 to 1.00 for the quarters ending December 31, 2011 to September 30, 2012, 2.50 to 1.00 for the quarters ending December 31, 2012 and March 31, 2013 and 3.00 to 1.00 for the quarters ending June 30, 2013 and thereafter.
- The annual interest rate under the amended facility will be reduced by an amount ranging from 50 basis points to 100 basis points as determined by a leverage ratio pricing grid, as defined.
- The maximum total debt to capitalization ratio, as defined, will be replaced by a maximum total funded net debt to EBITDA ratio, as defined, of 4.00 beginning with the quarter ending December 31, 2012.
- The Company is increasing the vessels pledged as collateral from 19 to 23 new generation OSVs commensurate with the higher borrowing base.
- If the Company's 1.625% convertible notes remain outstanding on April 30, 2013, the Company is required to maintain, as of the end of such calendar month and each calendar month-end thereafter, available liquidity, as defined, of $350 million until the refinancing of the 1.625% convertible notes to a date that is 91 days beyond the scheduled maturity of the facility or the redemption of the 1.625% convertible notes, provided that such redemption complies with the other provisions of the facility.
- The Company is permitted to repay its 1.625% convertible notes and its 6.125% senior notes, provided that the Company has available liquidity, as defined, of $100 million on a pro forma basis and can demonstrate to the agent under the facility that its business plan is fully funded for the next four fiscal quarters, provided, however, that in the event that the Company seeks to repay the 6.125% senior notes prior to repaying the 1.625% convertible notes, it must have available liquidity of $350 million on a pro forma basis.

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

Other than these key changes, all other definitions and substantive terms in the Company's credit agreement governing its revolving credit facility were unchanged from the March 2011 amendment and remain in effect through the remaining life of the facility.

Under the Company's revolving credit facility, it has the option of borrowing at a variable rate of interest equal to either (i) LIBOR, plus an applicable margin, or (ii) the greatest of the Prime Rate, the Federal Funds Effective Rate plus ½ of 1% and the one-month LIBOR plus 1%, plus in each case an applicable margin. The applicable margin for each base rate is determined by a pricing grid, which is based on the Company's leverage ratio, as defined in the credit agreement governing the amended revolving credit facility. Unused commitment fees are payable quarterly at the annual rate ranging from 37.5 basis points to 50.0 basis points as determined by a pricing grid.

As of September 30, 2011, there were no amounts drawn under the Company's revolving credit facility and $0.9 million posted as a letter of credit. As of September 30, 2011, the Company was in compliance with all financial covenants required by its revolving credit facility and the full amount of the undrawn borrowing base under the facility was available to the Company for all uses of proceeds, including working capital, if necessary.

The Company estimates the fair value of its 2014 senior notes, its 2017 senior notes and its convertible senior notes by using quoted market prices. The fair value of the Company's revolving credit facility, when there are outstanding balances, approximates its carrying value. The face value, carrying value and fair value of the Company's total debt was $800.0 million, $767.5 million and $780.7 million, respectively, as of September 30, 2011.

Capitalized Interest

During the three and nine months ended September 30, 2010, the Company capitalized approximately $0.3 million and $3.7 million of interest costs related to the construction or conversion of vessels. No such interest was capitalized during the same periods in 2011.

4. Incentive Compensation

Stock-Based Incentive Compensation Plan

The Company's stock-based incentive compensation plan covers a maximum of 4.2 million shares of common stock that allows the Company to grant restricted stock awards, restricted stock unit awards, or collectively restricted stock, stock options and stock appreciation rights to employees and directors.

During the nine months ended September 30, 2011, the Company granted stock options, time-based restricted stock and performance-based restricted stock. Time-based restricted stock was granted to directors, executive officers and certain shore-side employees of the Company.

Stock options and performance-based restricted stock were granted to executive officers of the Company. The shares to be received under the performance-based restricted stock are

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

calculated based on the Company's stock price performance relative to a peer group, as defined by the restricted stock agreements governing such awards. Performance is measured by the change in the Company's stock price measured against the peer group during a measurement period. The actual number of shares that could be received by the award recipients can range from 0% to 200% of the Company's base share awards depending on the Company's performance ranking relative to the peer group. During the nine months ended September 30, 2011, the Company granted stock options, time-based restricted stock and performance-based restricted stock representing 490,587 shares, in the aggregate.

Compensation expense related to performance-based restricted stock is recognized over the service period, which is from three to five years. The fair value of the Company's performance-based restricted stock, which is determined using a Monte Carlo simulation, is applied to the total shares that are expected to fully vest and is amortized over the vesting period based on the Company's internal performance measured against pre-determined criteria or relative performance compared to peers, as applicable. The compensation expense related to time-based restricted stock, which is amortized over a vesting period from one to three years, is determined based on the market price of the Company's stock on the date of grant applied to the total shares that are expected to fully vest. Compensation expense for stock options is determined using the Black-Scholes pricing model and is amortized over the vesting period of three years. In addition to the restricted stock granted in 2011, the Company granted performance-based and time-based restricted stock in 2008, 2009 and 2010. The performance-based restricted stock grants issued in 2008 were eligible for vesting in February 2011. Based on the Company's performance, 100% of such restricted stock did not meet the performance criteria and were cancelled. During the nine months ended September 30, 2011, the Company issued 342,484 shares, in the aggregate, of stock under its existing share-based compensation programs.

The stock-based compensation expense charges from previously issued equity grants and the financial impact such grants have on the Company's operating results are reflected in the table below (in thousands, except for per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Income before taxes	$ 1,728	$ 2,223	$ 5,654	$ 6,835
Net income	$ 280	$ 1,394	$ 3,777	$ 4,299
Earnings per common share:				
Basic	$ 0.01	$ 0.05	$ 0.14	$ 0.16
Diluted	$ 0.01	$ 0.05	$ 0.14	$ 0.16

In addition, the Company capitalized approximately $0.1 million and $0.4 million of stock-based compensation expense that related directly to newbuild construction programs and general corporate capital projects for the three and nine months ended September 30, 2010, respectively. No such stock-based compensation expense was capitalized during the three and nine months ended September 30, 2011.

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

5. Contingencies

In the normal course of its business, the Company becomes involved in various claims and legal proceedings in which monetary damages are sought. It is management's opinion that the Company's liability, if any, under such claims or proceedings would not materially affect its financial position, results of operations, or cash flows.

The Company insures against losses relating to its vessels, pollution and third party liabilities, including claims by employees under Section 33 of the Merchant Marine Act of 1920, or the Jones Act. Third-party liabilities and pollution claims that relate to vessel operations are covered by the Company's entry in a mutual protection and indemnity association, or P&I Club, as well as by marine liability policies in excess of the P&I Club's coverage. In February 2010 and 2011, the terms of entry with the P&I Club for the Downstream segment contained an annual aggregate deductible (AAD) for which the Company remains responsible. The P&I Club is responsible for covered amounts that exceed the AAD, after payment by the Company of an additional individual claim deductible. The Company provides reserves for those portions of the AAD and any individual claim deductibles for which the Company remains responsible by using an estimation process that considers Company-specific and industry data, as well as management's experience, assumptions and consultation with outside counsel. As additional information becomes available, the Company will assess the potential liability related to its pending litigation and revise its estimates. Although historically revisions to such estimates have not been material, changes in estimates of the potential liability could materially impact the Company's results of operations, financial position or cash flows.

6. Segment Information

The Company provides marine transportation and logistics services through two business segments. The Company primarily operates new generation offshore supply vessels, or OSVs, and multi-purpose support vessels, or MPSVs, in the U.S. Gulf of Mexico, or GoM, other U.S. coastlines, Latin America and the Middle East and operates a shore-base facility in Port Fourchon, Louisiana through its Upstream segment. The OSVs, MPSVs and the shore-base facility principally support complex exploration and production projects by transporting cargo to offshore drilling rigs and production facilities and provide support for oilfield and non-oilfield specialty services, including military applications. The Downstream segment primarily operates ocean-going tugs and tank barges in the northeastern United States, GoM, Great Lakes and Puerto Rico. The ocean-going tugs and tank barges provide coastwise transportation of refined and bunker grade petroleum products as well as non-traditional downstream services, such as support of deepwater well testing and other specialty applications for the Company's upstream customers.

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

The following table shows reportable segment information for the three and nine months ended September 30, 2011 and 2010, reconciled to consolidated totals and prepared on the same basis as the Company's consolidated financial statements (in thousands).

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Operating revenues:				
Upstream				
Domestic (1)	$ 51,057	$ 91,929	$ 118,815	$ 241,358
Foreign (2)	40,896	20,067	102,443	47,734
	91,953	111,996	221,258	289,092
Downstream				
Domestic	11,628	12,351	31,932	31,979
Foreign (2)(3)	2,246	1,004	5,721	2,411
	13,874	13,355	37,653	34,390
Total	$ 105,827	$ 125,351	$ 258,911	$ 323,482
Operating expenses:				
Upstream	$ 53,733	$ 46,249	$ 127,871	$ 122,973
Downstream	9,011	6,992	24,909	23,107
Total	$ 62,744	$ 53,241	$ 152,780	$ 146,080
Depreciation:				
Upstream	$ 13,086	$ 12,897	$ 39,376	$ 36,883
Downstream	2,144	2,115	6,383	6,392
Total	$ 15,230	$ 15,012	$ 45,759	$ 43,275
Amortization:				
Upstream	$ 3,953	$ 3,711	$ 11,434	$ 10,871
Downstream	1,202	1,064	3,886	2,800
Total	$ 5,155	$ 4,775	$ 15,320	$ 13,671
General and administrative expenses:				
Upstream	$ 8,364	$ 9,059	$ 24,991	$ 26,189
Downstream	681	674	2,415	2,105
Total	$ 9,045	$ 9,733	$ 27,406	$ 28,294
Gain on sale of assets:				
Upstream	$ 976	$ —	$ 976	$ 615
Downstream	—	725	559	729
Total	$ 976	$ 725	$ 1,535	$ 1,344
Operating income:				
Upstream	$ 13,793	$ 40,080	$ 18,562	$ 92,791
Downstream	836	3,235	619	715
Total	$ 14,629	$ 43,315	$ 19,181	$ 93,506
Capital expenditures:				
Upstream	$ 10,008	$ 5,560	$ 21,601	$ 56,441
Downstream	530	119	1,377	1,210
Corporate	538	153	990	1,497
Total	$ 11,076	$ 5,832	$ 23,968	$ 59,148

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

	As of September 30, 2011	As of December 31, 2010
Identifiable Assets:		
Upstream	$ 1,650,992	$ 1,647,561
Downstream	204,178	205,782
Corporate	21,836	25,082
Total	$ 1,877,006	$ 1,878,425
Long-Lived Assets:		
Upstream		
Domestic	$ 979,391	$ 1,203,136
Foreign (2)	411,954	211,488
	1,391,345	1,414,624
Downstream		
Domestic	147,860	166,673
Foreign (2)(3)	28,661	18,297
	176,521	184,970
Corporate	5,826	6,527
Total	$ 1,573,692	$ 1,606,121

(1) During the nine months ended September 30, 2010, the Company's Upstream segment recorded $10.5 million of non-recurring revenues for one of its specialty service vessels unrelated to the oil spill relief efforts in the U.S. Gulf of Mexico.

(2) The Company's vessels conduct operations in international areas from time to time. Vessels will routinely move to and from domestic and international operating areas. As these assets are highly mobile, the long-lived assets reflected above represent the assets that were present in international areas as of September 30, 2011 and December 31, 2010, respectively. As of September 30, 2011, the majority of long-lived Upstream assets in foreign locations were operating in Latin America.

(3) Included are amounts applicable to the Puerto Rico downstream operations, even though Puerto Rico is considered a possession of the United States and the Jones Act applies to vessels operating in Puerto Rican waters.

Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read together with our unaudited consolidated financial statements and notes to unaudited consolidated financial statements in this Quarterly Report on Form 10-Q and our audited financial statements and notes thereto included in our Annual Report on Form 10-K as of and for the year ended December 31, 2010. This discussion contains forward-looking statements that reflect our current views with respect to future events and financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements. See "Forward Looking Statements" for additional discussion regarding risks associated with forward-looking statements. In this Quarterly Report on Form 10-Q, "company," "we," "us," "our" or like terms refer to Hornbeck Offshore Services, Inc. and its subsidiaries, except as otherwise indicated. Please refer to Item 5 – Other Information for a glossary of terms used throughout this Quarterly Report on Form 10-Q

In this Quarterly Report on Form 10-Q, we rely on and refer to information regarding our industry from the EIA and ODS-Petrodata, Inc. These organizations are not affiliated with us and are not aware of and have not consented to being named in this Quarterly Report on Form 10-Q. We believe this information is reliable. In addition, in many cases we have made statements in this Quarterly Report on Form 10-Q regarding our industry and our position in the industry based on our experience in the industry and our own evaluation of market conditions.

General

Our Upstream Segment

The OSV market is expanding globally. Generally, offshore exploration and production activities are increasingly focused on deep wells (as defined by total well depth rather than water depth), whether on the Outer Continental Shelf or in the deepwater or ultra-deepwater. These types of wells require high-specification equipment and have resulted in an on-going newbuild cycle for drilling rigs and for OSVs. As a result of the projected deepwater drilling activity levels worldwide, there were 73 floating rigs under construction or on order on November 1, 2011 and, as of that date, there were options outstanding to build 27 additional floating rigs. In addition, on that date, there were 77 high-spec jack-up rigs under construction or on order worldwide, and there were options outstanding to build 26 additional high-spec jack-up rigs. Each drilling rig working on deep-well projects typically requires more than one OSV to service it, and the number of OSVs required is dependent on many factors, including the type of activity being undertaken and the location of the rig. For example, based on the historical data for the number of floating rigs and OSVs working, we believe that two to four OSVs per rig are required in the GoM and even more OSVs are necessary per rig in Brazil where greater logistical challenges result in longer vessel turnaround times to service drill sites. Typically, during the initial drilling stage, more OSVs are required to supply drilling mud, drill pipe and other materials than at later stages of the drilling cycle. In addition, generally more OSVs are required the farther a drilling rig is located from shore. Under normal weather conditions, the transit time to deepwater drilling rigs in the GoM and Brazil can typically range from six to 24 hours for a new generation vessel. Moreover, in Brazil, they measure transit time for a new generation vessel to some of the newer, more logistically remote deepwater

drilling rig locations in days, not hours. In addition to drilling rig support, deepwater and ultra-deepwater exploration and production activities will result in the expansion of other specialty-service offerings for our vessels. These markets include subsea construction support, installation, IRM work, and life-of-field services, which include well-stimulation, workovers and decommissioning.

Presently, our operations are conducted in three primary geographic regions comprised of the GoM, Brazil and Mexico. Descriptions of these three regions are included below.

GoM. The *Deepwater Horizon* incident, which occurred at the Macondo well in April 2010, and the Obama Administration's subsequent domestic drilling moratorium and de facto regulatory moratorium contributed to a reduction in drilling activity in the GoM. However, the GoM continues to be considered a world-class basin by exploration and production companies. The EIA estimates that the GoM contains 68 billion barrels of recoverable oil equivalent utilizing existing technologies. Despite the drilling moratorium and the subsequent period of permitting uncertainty, according to ODS Petrodata, the number of floating rigs available in the GoM region is currently 33 and remains relatively unchanged from the pre-Macondo level of 34 rigs, because the 10 floaters that left the region have since been replaced by nine similar or more advanced rigs. Since early 2011, there has been a gradual improvement in the number of incremental deepwater well permits issued per month, which has increased from two in January 2011 to a high of 17 in October 2011. A significant backlog of permit applications and requests for approval of drilling plans indicate a strong desire by our customers to continue exploration and production activities in the GoM, notwithstanding the slowdown in the pace of plan and permit approvals. Of the 33 rigs available in the GoM, the number of floating rigs actively drilling has also increased to 20 on November 1, 2011 from six a year ago. For the five pre-Macondo years of 2005 through 2009, the historical average level of floating rigs actively drilling was 29 rigs with a peak of 35 rigs. We believe that floating rig activity should return to pre-2010 levels by the end of 2013 with approximately 30 floating rigs expected to be drilling in the GoM, up approximately 50% from the 20 rigs drilling as of November 1, 2011. Floating rig growth in the GoM is projected to be driven by demand in the deepwater and ultra-deepwater, primarily in water depths greater than 3,000 feet.

Despite the continued interest in the hydrocarbon reserves of the GoM, the Company and other OSV operators experienced reduced utilization and dayrates over the post-Macondo period from April 2010 until late in the third quarter of 2011. In response, we and our competitors stacked vessels, furloughed or layed-off employees, and moved vessels to new markets. According to ODS Petrodata, 48 new generation Jones Act qualified vessels, or approximately 28% of the active pre-Macondo fleet, have left the GoM since Macondo and are working under term contracts in international markets. Some of these vessels have been re-flagged as foreign and are not legally entitled to return to U.S. coastwise trade under the Jones Act. With the recent increase in permitting and drilling rig activity in the GoM, we believe that we are in a strong competitive position to benefit from the recovery currently underway. We have 15 active new generation OSVs and four MPSVs currently operating in the GoM, the most operating leverage to improving market conditions in the GoM of any of our domestic public OSV peers.

Brazil. Brazil is experiencing a dramatic increase in activity related to its large pre-salt oilfield basins. This increase in activity is driven primarily by Petrobras and other producers, including BP p.l.c., Chevron Corporation, Exxon Mobil Corporation, OGX Petroleo e Gas Participacoes and Royal Dutch Shell plc. Petrobras has publicly announced plans to spend approximately $128 billion on exploration and production activities from 2011 through 2015 and has stated that its vessel needs could increase from approximately 290 in 2010 to nearly 480 in 2015. Brazilian operators plan to add 15 new floating rigs by the end of 2012. Since the beginning of 2010, we have increased our presence in Brazil from zero to 14 vessels, including 12 working under long-term contracts for Petrobras and two working on spot charters for another operator. We continue to actively bid additional vessels into Brazil. We recently acquired a Brazilian navigation company (EBN) and have increased our physical presence there with additional shoreside support personnel in Macae and Rio de Janeiro.

Mexico. The primary customer in the Mexican market is the state-owned oil company, Petróleos Mexicanos, or PEMEX. The Cantarell field, which according to the EIA is PEMEX's largest offshore oil field, has declined from approximately 2.14 million barrels per day to 500,000 barrels per day. In 2010, 54% of Mexico's total crude oil production came from the Cantarell field and the Ku-Maloob-Zaap, both of which are located in the Bay of Campeche. In its July 2011 Outlook, PEMEX highlighted that 60% of its prospective resources, or 29.5 billion barrels of oil equivalent, are in the deepwater Gulf of Mexico. However, in order to develop this resource, PEMEX will likely need to tap the expertise of non-Mexican international oil companies. Under Article 27 of the Mexican constitution, private persons or companies (other than the state owned PEMEX) are not allowed to carry out the exploitation of petroleum, and solid, liquid, or gaseous hydrocarbons. As a result, while we believe that Mexico could develop into a large market for deepwater activity, we do not expect this to occur until the Mexican government has found a solution to their constitutional constraints. Currently, there are four floating rigs and 29 jack-up rigs drilling offshore Mexico, and PEMEX has announced plans to add another floating rig and five more high-spec jack-up rigs. We began working in Mexico in 2002 and currently have seven vessels working there under long-term contracts. We will continue to actively bid additional vessels into Mexico as tenders are issued by PEMEX. We established our own Mexican navigation company (Naviera) in 2008 and have increased our physical presence there with additional shore-side support personnel in Ciudad del Carmen and Dos Bocas.

Due to a limited supply of high-spec U.S.-flagged vessels in the GoM and the recent increase in the pace and predictability of permitting, we have recently seen improvement in dayrates and utilization for our vessels commencing late in the third quarter of 2011. Some customers are now observing that, although still historically slow, the pace of drilling plan and permit activity is more repeatable and predictable, which enables them to better plan future projects in the GoM. Leading-edge spot market OSV dayrates for our 240 class equipment has recently been in the $28,000 to $32,000 range, which is roughly double the levels experienced in early 2011. Whether these rates can be sustained will depend on the future pace of permitting in the GoM. We believe that our 240 class vessels are a good indicator of the general strength of the market for high-spec vessels because they represent the largest and most popular class of new generation OSVs in the market and thus, currently have the most transaction volume. We have reactivated 10 new generation OSVs since February 2011, six of which have begun work in the GoM and four of which were mobilized to Latin America. Fleetwide effective, or utilization-adjusted, dayrates for our new generation OSVs increased about $1,800, or 13%, from the second quarter of 2011 to $15,772 for the

third quarter of 2011. During the third quarter of 2011, we had an average stacked new generation OSV fleet of 6.3 vessels compared to 10.9 vessels in the second quarter of 2011 and 5.1 vessels in the same period in 2010. With the re-activation of the 220 class *HOS Explorer* in October 2011, we now have only five DP-1 new generation OSVs stacked, which is the same number of stacked vessels that we had immediately prior to Macondo and down from a high of 15 stacked vessels during the first quarter of 2011. Given the recent improvement in market conditions, our five stacked vessels are expected to be re-activated for service in the GoM by the end of the first quarter of 2012, after re-crewing and any required drydocking activities. With the re-activation of stacked vessels, our crewing requirements increased throughout the third quarter of 2011. We have re-hired some of our previously laid-off or furloughed crewmembers as well as hired new employees. As the global applicant pool of qualified mariners remains tight, we expect to encounter stiff competition for crewmembers, which could negatively impact our operating costs.

We currently have nearly 73% of our new generation OSV vessel-days contracted for the remainder of 2011, with 34 vessels contracted through at least the end of the year. Our forward OSV contract coverage for 2012 and 2013 currently stands at 46% and 34%, respectively. Our MPSV contract coverage for the remainder of 2011 has also strengthened as a result of the improving market conditions in the GoM. In July, we were awarded a three-year charter with an international oilfield service company for our 430 class MPSV, the *HOS Iron Horse*, which began during September 2011. In addition, our 370 class MPSV, the *HOS Centerline,* recently commenced a long-term contract with a major oil and gas company in the GoM. On the strength of the these long-term contracts and recent spot market activity, MPSV utilization increased from 12% for the second quarter of 2011 to 76% for the third quarter of 2011, and contract coverage for the fourth quarter of 2011 is currently 78%.

A sustained market recovery will depend upon several factors outside of our control including 1) the ability of operators and drilling contractors to comply with the new rules; 2) the pace at which regulators approve plans and permit applications required by operators to drill; 3) the content of additional as yet unpromulgated rules that are expected to be issued; 4) the outcome of pending litigation brought by environmental groups challenging recent exploration plans approved by the DOI and 5) general economic conditions. These factors adversely affected our operating results during the first nine months of 2011.

As of September 30, 2011, our 45 active new generation OSVs and four MPSVs were operating in domestic and international areas as noted in the following table:

Operating Areas	
Domestic	
GoM	17
Other U.S. coastlines (1)	5
	22
Foreign	
Brazil	14
Mexico	9
Other Latin America	2
Middle East	2
	27
Total Upstream Vessels (2)	49

(1) Includes vessels that are currently supporting the military.
(2) Excluded from this table are six of our new generation OSVs and one conventional OSV that were stacked as of September 30, 2011. Subsequently, we have unstacked one of our new generation OSVs to work in the GoM, and as a result, we now have 50 Upstream vessels in service.

Our Downstream Segment

As of September 30, 2011, our Downstream fleet was comprised of nine double-hulled tank barges and 15 ocean-going tugs, six of which are older, lower-horsepower tugs that were stacked. The prolonged weakness in the overall economy, which has impacted our Downstream segment since 2008, continues to adversely impact demand for Downstream equipment. Although Downstream results for the third quarter improved from the prior year, recent dayrate trends are well below the Downstream dayrates that existed from 2006 to 2008. We anticipate that the current market conditions for our Downstream vessels will continue throughout 2011. With the protracted weak demand for tugs and tank barges coupled with the expansion of our Upstream fleet, we expect our Downstream segment to continue to represent a much smaller portion of our consolidated operating results compared to historical trends.

Critical Accounting Estimates

This Management's Discussion and Analysis of Financial Condition and Results of Operations discusses our unaudited consolidated financial statements included in this Quarterly Report on Form 10-Q. In many cases, the accounting treatment of a particular transaction is specifically dictated by U.S. generally accepted accounting principles, or GAAP. In other circumstances, we are required to make estimates, judgments and assumptions that we believe are reasonable based on available information. We base our estimates and judgments on historical experience and various other factors that we believe are reasonable based upon the information available. Actual results may differ from these estimates under different assumptions and conditions. Our significant accounting policies are discussed in Note 2 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2010.

Impairment Assessment

Our operating results for the quarter ended September 30, 2011 were consistent with or exceeded our expectations given the pace of drilling permits issued in the GoM and our mobilization of Upstream vessels to foreign markets. No new triggering events occurred during the first nine months of 2011. We again considered whether the curtailed level of drilling activity in the GoM represented an indicator of impairment for any of our asset groups and concluded it did not. Some factors that the Company considered were the anticipated temporary nature of the reduced drilling activity in the GoM, projected operating results over the remaining useful lives of our assets, the significant remaining operating useful lives of such assets and the mobility and flexibility of our vessels. We will continue to monitor market conditions and other trends that could be considered potential triggering events.

Results of Operations

The tables below set forth, by segment, the average dayrates, utilization rates and effective dayrates for our vessels and the average number and size of vessels owned during the periods indicated. Excluded from the operating data below are the results of operations for our MPSVs, conventional vessel, our shore-base facility and vessel management services.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Upstream:				
New Generation Offshore Supply Vessels:				
Average number of new generation OSVs (1)	51.0	50.3	51.0	49.5
Average number of active new generation OSVs (2)	44.7	45.2	40.5	42.6
Average new generation OSV fleet capacity (deadweight)	128,190	126,323	128,190	123,890
Average new generation vessel capacity (deadweight)	2,514	2,510	2,514	2,504
Average new generation OSV utilization rate (3)	75.3%	75.7%	67.5%	73.5%
Effective new generation OSV utilization rate (4)	85.9%	84.2%	84.9%	85.3%
Average new generation OSV dayrate (5)	$ 20,945	$ 21,628	$ 20,812	$ 21,833
Effective dayrate (6)	$ 15,772	$ 16,372	$ 14,048	$ 16,047
Downstream:				
Double-hulled tank barges:				
Average number of tank barges (7)	9.0	9.0	9.0	9.0
Average fleet capacity (barrels)	884,621	884,621	884,621	884,621
Average barge capacity (barrels)	98,291	98,291	98,291	98,291
Average utilization rate (3)	92.0%	86.9%	88.3%	78.8%
Average dayrate (8)	$ 18,222	$ 18,615	$ 17,351	$ 17,765
Effective dayrate (6)	$ 16,764	$ 16,176	$ 15,321	$ 13,999

(1) We owned 51 new generation OSVs as of September 30, 2011. Our average number of new generation OSVs for the three and nine months ended September 30, 2010 reflect the deliveries of several vessels under our fourth OSV newbuild program. Excluded from this data are four multi-purpose support vessels that we own and were placed in service under our MPSV program on various dates from October 2008 to March 2010. Also excluded from this data is one stacked conventional OSV that we consider to be a non-core asset.
(2) Active new generation OSVs represent vessels that are fully crewed and immediately available for service during each respective period.
(3) Utilization rates are average rates based on a 365-day year. Vessels are considered utilized when they are generating revenues.
(4) Effective utilization rate is based on a denominator comprised only of vessel-days available for service by the active fleet, which excludes the impact of stacked vessel days.
(5) Average dayrates represent average revenue per day, which includes charter hire, crewing services and net brokerage revenues, based on the number of days during the period that the OSVs generated revenue.
(6) Effective dayrate represents the average dayrate multiplied by the average utilization rate.
(7) The operating data presented above reflects only the results from our nine double-hulled tank barges. Excluded from this data are 15 ocean-going tugs owned by the Company, six of which are currently stacked.
(8) Average dayrates represent average revenue per day, including time charters, brokerage revenue, revenues generated on a per-barrel-transported basis, demurrage, shipdocking and fuel surcharge revenue, based on the number of days during the period that the tank barges generated revenue. For purposes of brokerage arrangements, this calculation excludes that portion of revenue that is equal to the cost paid by customers of in-chartering third-party equipment.

Non-GAAP Financial Measures

We disclose and discuss EBITDA as a non-GAAP financial measure in our public releases, including quarterly earnings releases, investor conference calls and other filings with the Securities and Exchange Commission. We define EBITDA as earnings (net income) before interest, income taxes, depreciation and amortization. Our measure of EBITDA may not be comparable to similarly titled measures presented by other companies. Other companies may calculate EBITDA differently than we do, which may limit its usefulness as comparative measure.

We view EBITDA primarily as a liquidity measure and, as such, we believe that the GAAP financial measure most directly comparable to this measure is cash flows provided by operating activities. Because EBITDA is not a measure of financial performance calculated in accordance with GAAP, it should not be considered in isolation or as a substitute for operating income, net income or loss, cash flows provided by operating, investing and financing activities, or other income or cash flow statement data prepared in accordance with GAAP.

EBITDA is widely used by investors and other users of our financial statements as a supplemental financial measure that, when viewed with our GAAP results and the accompanying reconciliation, we believe provides additional information that is useful to gain an understanding of the factors and trends affecting our ability to service debt, pay deferred taxes and fund drydocking charges and other maintenance capital expenditures. We also believe the disclosure of EBITDA helps investors meaningfully evaluate and compare our cash flow generating capacity from quarter to quarter and year to year.

EBITDA is also a financial metric used by management (i) as a supplemental internal measure for planning and forecasting overall expectations and for evaluating actual results against such expectations; (ii) as a significant criteria for annual incentive cash compensation paid to our executive officers and bonuses paid to other shore-based employees; (iii) to compare to the EBITDA of other companies when evaluating potential acquisitions; and (iv) to assess our ability to service existing fixed charges and incur additional indebtedness.

The following table provides the detailed components of EBITDA as we define that term for the three and nine months ended September 30, 2011 and 2010, respectively (in thousands).

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Components of EBITDA:				
Net income (loss)	$ (741)	$ 18,203	$ (16,802)	$ 33,801
Interest expense, net				
Debt obligations	15,062	14,422	44,976	40,353
Interest income	(156)	(104)	(575)	(353)
Total interest, net	14,906	14,318	44,401	40,000
Income tax expense (benefit)	445	10,816	(8,360)	19,962
Depreciation	15,230	15,012	45,759	43,275
Amortization	5,155	4,775	15,320	13,671
EBITDA	$ 34,995	$ 63,124	$ 80,318	$150,709

The following table reconciles EBITDA to cash flows provided by operating activities for the three and nine months ended September 30, 2011 and 2010, respectively (in thousands).

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
EBITDA Reconciliation to GAAP:				
EBITDA	$ 34,995	$ 63,124	$ 80,318	$150,709
Cash paid for deferred drydocking charges	(6,098)	(3,553)	(16,478)	(15,661)
Cash paid for interest	(10,633)	(10,323)	(32,481)	(32,639)
Cash paid for taxes	(334)	(245)	(833)	(2,599)
Changes in working capital	(21,499)	(929)	(18,973)	(3,690)
Stock-based compensation expense	1,728	2,223	5,654	6,835
Changes in other, net	(740)	(666)	(31)	(1,436)
Net cash flows provided by operating activities	$ (2,581)	$ 49,631	$ 17,176	$101,519

In addition, we also make certain adjustments to EBITDA for loss on early extinguishment of debt, stock-based compensation expense and interest income to compute ratios used in certain financial covenants of our revolving credit facility with various lenders. We believe that these ratios are a material component of certain financial covenants in such credit agreements and failure to comply with the financial covenants could result in the acceleration of indebtedness or the imposition of restrictions on our financial flexibility.

The following table provides certain detailed adjustments to EBITDA, as defined in our revolving credit facility, for the three and nine months ended September 30, 2011 and 2010, respectively (in thousands).

Adjustments to EBITDA for Computation of Financial Ratios Used in Debt Covenants

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Stock-based compensation expense	$ 1,728	$ 2,223	$ 5,654	$ 6,835
Interest income	156	104	575	353

Set forth below are the material limitations associated with using EBITDA as a non-GAAP financial measure compared to cash flows provided by operating activities.

- EBITDA does not reflect the future capital expenditure requirements that may be necessary to replace our existing vessels as a result of normal wear and tear,
- EBITDA does not reflect the interest, future principal payments and other financing-related charges necessary to service the debt that we have incurred in acquiring and constructing our vessels,
- EBITDA does not reflect the deferred income taxes that we will eventually have to pay once we are no longer in an overall tax net operating loss carryforward position, as applicable, and
- EBITDA does not reflect changes in our net working capital position.

Management compensates for the above-described limitations in using EBITDA as a non-GAAP financial measure by only using EBITDA to supplement our GAAP results.

Summarized financial information concerning our reportable segments for the three months ended September 30, 2011 and 2010, respectively, is shown below in the following table (in thousands, except percentage changes):

	Three Months Ended September 30,		Increase (Decrease)	
	2011	2010	$ Change	% Change
Revenues:				
Upstream				
Domestic	$ 51,057	$ 91,929	$ (40,872)	(44.5)%
Foreign	40,896	20,067	20,829	>100.0
	91,953	111,996	(20,043)	(17.9)
Downstream				
Domestic	11,628	12,351	(723)	(5.9)
Foreign (1)	2,246	1,004	1,242	>100.0
	13,874	13,355	519	3.9
	$105,827	$125,351	$ (19,524)	(15.6)%
Operating expenses:				
Upstream	$ 53,733	$ 46,249	$ 7,484	16.2%
Downstream	9,011	6,992	2,019	28.9
	$ 62,744	$ 53,241	$ 9,503	17.8%
Depreciation and amortization:				
Upstream	$ 17,039	$ 16,608	$ 431	2.6%
Downstream	3,346	3,179	167	5.3
	$ 20,385	$ 19,787	$ 598	3.0%
General and administrative expenses:				
Upstream	$ 8,364	$ 9,059	$ (695)	(7.7)%
Downstream	681	674	7	1.0
	$ 9,045	$ 9,733	$ (688)	(7.1)%
Gain on sale of assets:				
Upstream	$ 976	$ —	$ 976	100.0%
Downstream	—	725	(725)	(100.0)
	$ 976	$ 725	$ 251	34.6%
Operating income:				
Upstream	$ 13,793	$ 40,080	$ (26,287)	(65.6)%
Downstream	836	3,235	(2,399)	(74.2)
	$ 14,629	$ 43,315	$ (28,686)	(66.2)%
Interest expense	$ 15,062	$ 14,422	$ 640	4.4%
Interest income	$ 156	$ 104	$ 52	50.0%
Income tax expense	$ 445	$ 10,816	$ (10,371)	(95.9)%
Net income (loss)	$ (741)	$ 18,203	$ (18,944)	>(100.0)%

(1) Included are the amounts applicable to our Puerto Rico Downstream operations, even though Puerto Rico is considered a possession of the United States and the Jones Act applies to vessels operating in Puerto Rican waters.

Three Months Ended September 30, 2011 Compared to Three Months Ended September 30, 2010

Revenues. Revenues for the three months ended September 30, 2011 decreased by $19.5 million, or 15.6%, to $105.8 million compared to the same period in 2010 primarily due to the lack of drilling activity in the GoM. In addition, oil spill response activities during the prior-year quarter favorably impacted each of our business segments. Our weighted-average active operating fleet for the three months ended September 30, 2011 was 67 vessels, which was in-line with the same period in 2010.

Revenues from our Upstream segment decreased by $20.0 million, or 17.9%, to $92.0 million for the three months ended September 30, 2011 compared to $112.0 million for the same period in 2010. Our lower Upstream revenues primarily resulted from regulatory driven declines in drilling permit activity. These market conditions led to decline in demand for our MPSVs and, to a lesser extent, lower revenue earned from new generation OSVs that were in-service during each of the quarters ended September 30, 2011 and 2010. These lower revenues were partially offset by incremental revenues earned by vessels operating in Latin America. Our new generation OSV average dayrates were $20,945 for the third quarter of 2011 compared to $21,628 for the same period in 2010, a decrease of $683, or 3.2%. Our new generation OSV utilization was 75.3% for the third quarter of 2011 compared to 75.7% for the same period in 2010. Our new generation OSV utilization for the third quarter of 2010 was favorably impacted by vessels participating in the oil spill relief efforts that concluded in fourth quarter 2010. Our vessel count included an average of 6.3 stacked vessels during the three months ended September 30, 2011 compared to an average of 5.1 stacked vessels during the prior-year period. Domestic revenues for our Upstream segment decreased $40.9 million during the three months ended September 30, 2011 due to reduced drilling activity in the GoM. Foreign revenues for our Upstream segment increased $20.8 million, or 103.5%, primarily due to an average of 14 additional vessels deployed to Latin America since September 30, 2010. Foreign revenues comprised 44.5% of our total Upstream revenues compared to 17.9% for the year-ago quarter. This trend of higher foreign revenues is expected to continue throughout the fourth quarter of 2011, particularly in recognition of the mobilization of eight vessels to Latin America on various dates during 2011.

Revenues from our Downstream segment increased by $0.5 million, or 3.9%, to $13.9 million for the three months ended September 30, 2011 compared to the three months ended September 30, 2010. This revenue increase was largely due to improved market conditions in the Northeast and in the GoM along with fewer days out-of-service for regulatory drydocking in the three months ended September 30, 2011 compared to the prior-year quarter. Our double-hulled tank barge average dayrates were $18,222 for the three months ended September 30, 2011, a decrease of $393, or 2.1%, from $18,615 for the same period in 2010. Tank barge dayrates for the prior-year quarter were favorably impacted by well-test services performed for an Upstream customer. Excluding the impact of this well-test project, dayrates would have been $16,430, for the prior-year quarter. Our double-hulled tank barge utilization was 92.0% for the third quarter of 2011 compared to 86.9% for the third quarter of 2010. Effective, or utilization-adjusted, dayates for our double-hulled tank barges were $16,764 for the three months ended September 30, 2011, which was $2,486, or 17.4%, higher than the prior-year quarter effective dayrates, as adjusted to exclude the 2010 well-test project. Foreign revenues for our Downstream segment increased $1.2 million, or 120.0% compared to the prior-year quarter due to an additional vessel deployed to Puerto Rico during the three months ended September 30, 2011.

Operating expenses. Operating expenses for the three months ended September 30, 2011 increased by $9.5 million, or 17.8%, to $62.7 million. This increase was primarily associated with approximately $6.5 million of incremental costs to mobilize eight vessels to Latin America.

Operating expenses for our Upstream segment were $53.7 million, a increase of $7.5 million, or 16.2%, for the third quarter of 2011 compared to $46.2 million for the same period in 2010. Operating expenses for our Upstream segment were driven higher by increased operating expenses for our vessels working in Latin America and costs incurred to pre-position additional vessels that mobilized to Latin America during the second and third quarters of 2011.

Operating expenses for our Downstream segment were $9.0 million, an increase of $2.0 million, or 28.9%, for the three months ended September 30, 2011 compared to $7.0 million for the same period in 2010. The increase in operating expenses is largely the result of having a greater mix of Downstream vessels operating under COA agreements instead of time charters. Under COA arrangements, the vessel owner typically bears the cost of fuel, which is typically covered through higher dayrates. Our contracts during the third quarter of 2010 were primarily comprised of time charters in connection with oil spill response efforts. Under time charter arrangements, the charterer is usually responsible for fuel costs.

Depreciation and Amortization. Depreciation and amortization was $0.6 million higher for the three months ended September 30, 2011 compared to the same period in 2010 primarily due to incremental depreciation and amortization expense related to vessels placed in service under our fourth OSV newbuild program and our MPSV program. Depreciation and amortization expense is expected to increase further when these and any other recently acquired and newly constructed vessels undergo their initial 30-month and 60-month recertifications.

General and Administrative Expense. General and administrative expenses of $9.0 million, or 8.5% of revenues, decreased by $0.7 million during the three months ended September 30, 2011 compared to the three months ended September 30, 2010. This decrease in G&A expenses was primarily attributable to lower shoreside compensation expenses. Our general and administrative expenses are expected to remain in the approximate annual range of $36 million to $38 million for the year ending December 31, 2011.

Gain on Sale of Assets. During the third quarter of 2011, we sold two ROVs for aggregate net cash proceeds of $9.3 million. This sale resulted in a pre-tax gain of approximately $1.0 million ($0.6 million after tax or $0.02 per diluted share). During the third quarter of 2010, we sold an older, lower-horsepower tug, for cash proceeds of $1.3 million, which resulted in a pre-tax gain of approximately $0.7 million ($0.4 million after tax or $0.01 per diluted share).

Operating Income. Operating income decreased by $28.7 million to $14.6 million during the three months ended September 30, 2011 compared to the same period in 2010 due to the reasons discussed above. Operating income as a percentage of revenues for our Upstream segment was 15.0% for the three months ended September 30, 2011 compared to 35.8% for the same period in 2010. Excluding roughly $6.5 million of incremental operating costs as a

result of mobilizing vessels to Brazil, our operating income as a percentage of revenues for our Upstream segment would have been 22.1% for the third quarter of 2011. Operating income as a percentage of revenues for our Downstream segment was 5.8% for the three months ended September 30, 2011 compared to 23.9% for the same period in 2010.

Interest Expense. Interest expense increased $0.6 million during the three months ended September 30, 2011 compared to the same period in 2010. Lower capitalized interest from having fewer vessels under construction or conversion was the primary reason that our interest expense increased from the prior-year quarter. During the third quarter of 2011, we did not capitalize any construction period interest compared to capitalized interest of $0.3 million, or roughly 2% of our total interest costs, for the year-ago quarter.

Interest Income. Interest income increased $0.1 million during the three months ended September 30, 2011 compared to the same period in 2010. Our average cash balance increased to $136.1 million for the three months ended September 30, 2011 compared to $72.8 million for the same period in 2010. The average interest rate earned on our invested cash balances during the three months ended September 30, 2011 was approximately 0.5% compared to 0.6% for the same period in 2010.

Income Tax Expense. During the third quarter of 2011, we revised our expected effective tax rate for the year ending December 31, 2011 from 35% to 33% based on changes to our expected full-year operating results. This resulted in a reduction to our expected tax benefit for the year ending December 31, 2011 of approximately $0.5 million. Accordingly, for the quarter ended September 30, 2011, we recorded tax expense instead of the tax benefit, which is normally recorded for pre-tax loss results.

Net Income (Loss). Operating performance decreased year-over-year by $18.9 million for a reported net loss of $0.7 million for the three months ended September 30, 2011. The net loss incurred for the third quarter of 2011 was primarily due to the decrease in operating income discussed above and a $0.6 million pre-tax increase in net interest expense.

Summarized financial information concerning our reportable segments for the nine months ended September 30, 2011 and 2010, respectively, is shown below in the following table (in thousands, except percentage changes):

	Nine Months Ended September 30,		Increase (Decrease)	
	2011	2010	$ Change	% Change
Revenues:				
Upstream				
Domestic	$118,815	$241,358	$(122,543)	(50.8)%
Foreign	102,443	47,734	54,709	>100.0
	221,258	289,092	(67,834)	(23.5)
Downstream				
Domestic	31,932	31,979	(47)	(0.1)
Foreign (1)	5,721	2,411	3,310	>100.0
	37,653	34,390	3,263	9.5
	$258,911	$323,482	$ (64,571)	(20.0)%
Operating expenses:				
Upstream	$127,871	$122,973	$ 4,898	4.0%
Downstream	24,909	23,107	1,802	7.8
	$152,780	$146,080	$ 6,700	4.6%
Depreciation and amortization:				
Upstream	$ 50,810	$ 47,754	$ 3,056	6.4%
Downstream	10,269	9,192	1,077	11.7
	$ 61,079	$ 56,946	$ 4,133	7.3%
General and administrative expenses:				
Upstream	$ 24,991	$ 26,189	$ (1,198)	(4.6)%
Downstream	2,415	2,105	310	14.7
	$ 27,406	$ 28,294	$ (888)	(3.1)%
Gain on sale of assets:				
Upstream	$ 976	$ 615	$ 361	58.7%
Downstream	559	729	(170)	(23.3)
	$ 1,535	$ 1,344	$ 191	14.2%
Operating income:				
Upstream	$ 18,562	$ 92,791	$ (74,229)	(80.0)%
Downstream	619	715	(96)	(13.4)
	$ 19,181	$ 93,506	$ (74,325)	(79.5)%
Interest expense	$ 44,976	$ 40,353	$ 4,623	11.5%
Interest income	$ 575	$ 353	$ 222	62.9%
Income tax expense (benefit)	$ (8,360)	$ 19,962	$ (28,322)	>(100.0)%
Net income (loss)	$ (16,802)	$ 33,801	$ (50,603)	>(100.0)%

(1) Included are the amounts applicable to our Puerto Rico Downstream operations, even though Puerto Rico is considered a possession of the United States and the Jones Act applies to vessels operating in Puerto Rican waters.

Nine Months Ended September 30, 2011 Compared to Nine Months Ended September 30, 2010

Revenues. Revenues for the nine months ended September 30, 2011 decreased by $64.6 million, or 20.0%, to $258.9 million compared to the same period in 2010 primarily due to substantially reduced drilling activity in the GoM, which led to our decision to stack certain new generation OSVs. Our weighted-average active operating fleet for the nine months ended September 30, 2011 was approximately 63 vessels compared to 65 vessels for the same period in 2010.

Revenues from our Upstream segment decreased by $67.8 million, or 23.5%, to $221.3 million for the nine months ended September 30, 2011 compared to $289.1 million for the same period in 2010. These lower revenues primarily resulted from a decline in activity from our MPSVs, lower revenue from new generation OSVs that were in-service during each of the periods ended September 30, 2011 and 2010 and, to a lesser extent, the stacking of certain new generation OSVs in response to regulatory-driven demand weakness in the GoM. These lower revenues were partially offset by incremental revenues related to vessels operating in Latin America. Our new generation OSV average dayrates were $20,812 for the first nine months of 2011 compared to $21,833 for the same period in 2010, a decrease of $1,021, or 4.7%. Our new generation OSV dayrates for the first nine months of 2010 were favorably impacted by non-recurring revenues for one of our specialty service vessels unrelated to the oil spill relief efforts in the GoM. Excluding these revenues, our 2010 new generation OSV dayrates would have been $19,171, or 8.6% lower than the first nine months ended September 30, 2011. Our new generation OSV utilization was 67.5% for the first nine months of 2011 compared to 73.5% for the same period in 2010. The decrease in utilization was largely due to having an average of 10.5 vessels stacked during the nine months ended September 30, 2011 compared to an average of 6.9 stacked vessels during the prior-year period. Domestic revenues for our Upstream segment decreased $122.5 million during the nine months ended September 30, 2011 due to reduced drilling activity in the GoM. Foreign revenues for our Upstream segment increased $54.7 million primarily due to an average of 11 additional vessels deployed to Latin America since September 30, 2010. Foreign revenues comprised 46.3% of our total Upstream revenues compared to 16.5% for the first nine months of 2010. This trend of higher foreign revenues is expected to continue throughout the fourth quarter of 2011, particularly in recognition of the eight vessels that were awarded contracts in Latin America commencing during 2011.

Revenues from our Downstream segment increased by $3.3 million, or 9.5%, to $37.7 million for the nine months ended September 30, 2011 compared to the nine months ended September 30, 2010. This revenue increase was due to higher demand for our clean and dirty petroleum product barges in the Northeast during the first nine months of 2011 compared to the same period in 2010. Our double-hulled tank barge average dayrates were $17,351 for the nine months ended September 30, 2011, a decrease of $414, or 2.3%, from $17,765 for the same period in 2010. However, our double-hulled tank barge utilization was 88.3% for the first nine months of 2011 compared to 78.8% for the first nine months of 2010. Foreign revenues for our Downstream segment increased $3.3 million, or 137.5%, due to an additional vessel deployed to Puerto Rico during the nine months ended September 30, 2011 compared to the prior-year quarter.

Operating expenses. Operating expenses for the nine months ended September 30, 2011 increased by $6.7 million, or 4.6%, to $152.8 million. This increase was primarily associated with higher costs for vessels operating in international regions partially offset by cost savings from stacking Upstream vessels during the first nine months of 2011.

Operating expenses for our Upstream segment were $127.9 million, a increase of $4.9 million, or 4.0%, for the nine months ended September 30, 2011 compared to $123.0 million for the same period in 2010. Operating expenses for our Upstream segment were driven higher by operating expenses for our vessels working in Latin America and costs incurred to pre-position additional vessels that mobilized for long-term contracts in Latin America, which commenced during the second half of 2011. This variance was partially offset by lower costs associated with a smaller active new generation OSV fleet. For the nine months ended September 30, 2011, we had an average active new generation OSV fleet of 40.5 vessels compared to 42.6 vessels for the same period in 2010.

Operating expenses for our Downstream segment were $24.9 million, a increase of $1.8 million, or 7.8%, for the nine months ended September 30, 2011 compared to $23.1 million for the same period in 2010. The increase in operating expenses for the Downstream segment is attributable to higher fuel expense resulting from a greater number of contracts of affreightment charters during the nine months ended September 30, 2011.

Depreciation and Amortization. Depreciation and amortization was $4.1 million higher for the nine months ended September 30, 2011 compared to the same period in 2010. This increase is primarily due to incremental depreciation expense related to vessels placed in service under our fourth OSV newbuild program and our MPSV program during 2010. In addition, amortization expense was higher during the first nine months of 2011 due to vessels undergoing their initial recertifications that have been placed in-service on various dates since 2008. Depreciation and amortization expense is expected to increase further as these and any other recently acquired and newly constructed vessels undergo their initial 30-month and 60-month recertifications.

General and Administrative Expense. General and administrative expenses of $27.4 million, or 10.6% of revenues, decreased by $0.9 million during the nine months ended September 30, 2011 compared to the nine months ended September 30, 2010. This decrease in G&A expenses were primarily the result of lower shoreside personnel expense. Our general and administrative expenses are expected to remain in the approximate annual range of $36 million to $38 million for the year ending December 31, 2011.

Gain on Sale of Assets. During the first nine months of 2011, we sold four single-hulled tank barges and two ROVs for net cash proceeds of $11.3 million, which resulted in aggregate gains of approximately $1.5 million ($1.0 million after tax or $0.04 per diluted share). During the first nine months of 2010, we sold one conventional OSV and one older, lower-horsepower tug for aggregate net cash proceeds of $2.6 million, which resulted in an aggregate gain of approximately $1.2 million ($0.8 million after tax and $0.03 per diluted share).

Operating Income. Operating income decreased by $74.3 million to $19.2 million during the nine months ended September 30, 2011 compared to the same period in 2010 due to the reasons discussed above. Operating income as a percentage of revenues for our Upstream

segment was 8.4% for the nine months ended September 30, 2011 compared to 32.1% for the same period in 2010. Excluding roughly $7.7 million of incremental operating costs as a result of mobilizing vessels to Brazil, our operating income as a percentage of revenues for our Upstream segment would have been 11.9% for the nine months ended September 30, 2011. Operating income as a percentage of revenues for our Downstream segment was 1.6% for the nine months ended September 30, 2011 compared to 2.0% for the same period in 2010.

Interest Expense. Interest expense increased $4.6 million during the nine months ended September 30, 2011 compared to the same period in 2010. Lower capitalized interest from having fewer vessels under construction or conversion was the primary reason that our interest expense increased from the same period in 2010. During the first nine months of 2011, we did not capitalize any construction period interest compared to capitalized interest of $3.7 million, or roughly 6% of our total interest costs, for the year-ago period.

Interest Income. Interest income increased $0.2 million during the nine months ended September 30, 2011 compared to the same period in 2010. Our average cash balance increased to $139.0 million for the nine months ended September 30, 2011 compared to $60.4 million for the same period in 2010. The average interest rate earned on our invested cash balances during the nine months ended September 30, 2011 was approximately 0.5% compared to 0.7% for the same period in 2010.

Income Tax Expense (Benefit). Our effective tax rate was 33.2% and 37.1% for the nine months ended September 30, 2011 and 2010, respectively. The benefit rate for the first nine months of 2011 is less than the tax rate for the first nine months of 2010 due to the larger effect of our permanent book tax differences on the relatively smaller pre-tax book income (loss) for the nine months ended September 30, 2011 compared to the nine months ended September 30, 2010. Our income tax rate is different from the federal statutory rate primarily due to expected state tax liabilities and items not deductible for federal income tax purposes.

Net Income (Loss). Operating performance decreased year-over-year by $50.6 million for a reported net loss of $16.8 million for the nine months ended September 30, 2011. The net loss incurred for the first nine months of 2011 was primarily due to a decrease in operating income discussed above and a $4.4 million pre-tax increase in net interest expense.

Liquidity and Capital Resources

Our capital requirements have historically been financed with cash flows from operations, proceeds from issuances of our debt and common equity securities, borrowings under our credit facilities and cash received from the sale of assets. We require capital to fund on-going operations, vessel recertifications, discretionary capital expenditures and debt service and may require capital to fund potential future vessel construction, retrofit or conversion projects or acquisitions. The nature of our capital requirements and the types of our financing sources are not expected to change significantly for the remainder of 2011. While we have postponed required drydockings for some of our stacked vessels, we will be required to conduct any deferred drydockings prior to such vessels returning to service. The drydocking funds required to recertify currently stacked vessels will be dependent upon vessel class, certification requirements and the timing and sustainability of any market recovery.

We have reviewed all of our debt agreements as well as our liquidity position and projected future cash needs. Despite volatility in financial and commodity markets, we remain confident in our current financial position, the strength of our balance sheet and the short- and long-term viability of our business model. To date, our liquidity has not been materially impacted and we do not expect that it will be materially impacted in the near-future due to such volatility. We believe that our cash on-hand, projected operating cash flow and available borrowing capacity under our recently amended revolving credit facility will be more than sufficient to operate the Company, while we reposition vessels to alternative markets.

As of September 30, 2011, we had total cash and cash equivalents of $131.9 million. On November 2, 2011, we amended and restated the credit agreement governing our revolving credit facility to extend the maturity date, increase the borrowing base, , lower the interest rate and adjust certain financial ratios and maintenance covenants. The revolving credit facility as of November 7, 2011 remains undrawn. Excluding any potential cash requirements for growth opportunities that may arise, our current cash on-hand and our internal cash projections indicate that our $300 million revolving credit facility will remain undrawn for the foreseeable future beyond 2011. As of September 30, 2011, we had a posted letter of credit for $0.9 million and had $249.1 million of credit available under our revolving credit facility, for all uses of proceeds, including working capital, if necessary. The increased borrowing base of the facility will automatically be effective upon the perfecting of the security interest in the additional vessels pledged as collateral.

Although we expect to continue generating positive working capital through our operations, events beyond our control, such as an extended delay in returning to normal operating conditions following the de facto regulatory moratorium in the GoM, declines in expenditures for exploration, development and production activity, mild winter conditions or any extended reduction in domestic consumption of refined petroleum products and other reasons discussed in the Risk Factors in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K or under the “Forward Looking Statements” discussed in this Quarterly Report on Form 10-Q, may affect our financial condition, results of operations or cash flows. None of our funded debt instruments mature any sooner than November 2013. Our currently undrawn revolving credit facility now matures in November 2016, provided that we meet certain liquidity and/or bond refinancing conditions required by such facility. See further discussion of such refinancing conditions in the Contractual Obligations section below. Depending on the market demand for our vessels, long-term debt maturities and other growth opportunities that may arise, we may require additional debt or equity financing. We currently expect to generate sufficient cash to re-pay our long-term debt upon maturity. However, it is possible that, due to events beyond our control, including those described in our Risk Factors, should such need for additional financing arise, we may not be able to access the capital markets on attractive terms at that time or otherwise obtain sufficient capital to meet our maturing debt obligations or finance growth opportunities that may arise. We will continue to closely monitor our liquidity position, as well as the state of the global capital and credit markets.

Cash Flows

Operating Activities. We rely primarily on cash flows from operations to provide working capital for current and future operations. Cash flows from operating activities were $17.2 million for the nine months ended September 30, 2011 and $101.5 million for the nine months

ended September 30, 2010. Operating cash flows for the first nine months of 2011 were unfavorably affected by a decline in our weighted-average operating fleet and a decrease in demand for our Upstream equipment primarily due to regulatory-driven market weakness in the GoM.

Investing Activities. Net cash used in investing activities was $12.6 million for the nine months ended September 30, 2011 and $56.3 million for the nine months ended September 30, 2010. Cash utilized during the first nine months of 2011 primarily consisted of capital improvements made to our operating fleet, which were partially offset by approximately $11.3 million in aggregate net cash proceeds from the sale of four single-hulled tank barges and two ROVs. Cash utilized during the first nine months of 2010 primarily consisted of construction costs incurred for our newbuild and conversion programs, which were partially offset by approximately $2.8 million in aggregate net cash proceeds from the sale of one conventional OSV, one older, lower-horsepower tug, and other non-revenue generating equipment. Our fourth new generation OSV program and our MPSV program were completed during 2010.

Financing Activities. Net cash provided by financing activities was $0.7 million for the nine months ended September 30, 2011 and $0.7 million for the nine months ended September 30, 2010. Net cash provided by financing activities for the nine months ended September 30, 2010 and 2011 was comprised of deferred financing costs and net proceeds from common shares issued pursuant to our employee stock-based compensation plans.

Contractual Obligations

Debt

As of September 30, 2011, we had total debt of $767.5 million, net of original issue discount of $32.5 million. Our debt is comprised of $299.8 million of our 6.125% senior notes due 2014, or 2014 senior notes, $244.2 million of our 8.000% senior notes due 2017, or 2017 senior notes, and $223.5 million of our 1.625% convertible senior notes due 2026, or convertible senior notes. On March 14, 2011, we amended the credit agreement governing our $250 million revolving credit facility to adjust certain financial ratios and provide for additional new maintenance covenants. The changes to our revolving credit facility were effective commencing with the fiscal quarter ended December 31, 2010. Other than these changes, all other definitions and substantive terms in our credit agreement governing our revolving credit facility were unchanged. For further information on our debt agreements, see Note 3 to our consolidated financial statements included herein. As of September 30, 2011, we were in compliance with all of our debt covenants.

On November 2, 2011, we amended and restated our revolving credit facility, which increased our borrowing base to $300.0 million and included an accordion feature that allows for the potential expansion of the facility up to an aggregate of $500.0 million. The key changes to our revolving credit facility were as follows:

- The amended facility extends the maturity from March 2013 to November 2016, unless our 6.125% senior notes remain outstanding on June 1, 2014, in which case, the facility would mature on such date.

- The minimum interest coverage ratio will be 2.00 to 1.00 for the quarters ending December 31, 2011 to September 30, 2012, 2.50 to 1.00 for the quarters ending December 31, 2012 and March 31, 2013 and 3.00 to 1.00 for the quarters ending June 30, 2013 and thereafter.
- The annual interest rate under the amended facility was reduced by an amount ranging from 50 basis points to 100 basis points as determined by a leverage ratio pricing grid, as defined.
- The maximum total debt to capitalization ratio, as defined, was replaced by a maximum total funded net debt to EBITDA ratio, as defined, of 4.00 beginning with the quarter ending December 31, 2012.
- We are increasing the vessels pledged as collateral from 19 to 23 new generation OSVs commensurate with the higher borrowing base.
- If our 1.625% convertible notes remain outstanding on April 30, 2013, we are required to maintain, as of the end of such calendar month and each calendar month-end thereafter, available liquidity of $350 million until the refinancing of the 1.625% convertible notes to a date that is 91 days beyond the scheduled maturity of the facility or the redemption of the 1.625% convertible notes, provided that such redemption complies with the other provisions of the facility.
- We are permitted to repay our 1.625% convertible notes and our 6.125% senior notes, provided that we have available liquidity of $100 million on a pro forma basis and can demonstrate to the agent under the facility that our business plan is fully funded for the next four fiscal quarters, provided, however, that in the event that we seek to repay the 6.125% senior notes prior to repaying the 1.625% convertible notes, we must have available liquidity of $350 million on a pro forma basis.

Other than these key changes, all other definitions and substantive terms in our credit agreement governing our revolving credit facility were unchanged from the March 2011 amendment and remain in effect through the remaining life of the facility.

Under our revolving credit facility, we have the option of borrowing at a variable rate of interest equal to either (i) LIBOR, plus an applicable margin, or (ii) the greatest of the Prime Rate, the Federal Funds Effective Rate plus ½ of 1% and the one-month LIBOR plus 1%, plus in each case an applicable margin. The applicable margin for each base rate is determined by a pricing grid, which is based on our leverage ratio, as defined in the credit agreement governing the amended revolving credit facility. Unused commitment fees are payable quarterly at the annual rate ranging from 37.5 basis points to 50.0 basis points as determined by a pricing grid.

The credit agreement governing our revolving credit facility and the indentures governing our 2014 senior notes and 2017 senior notes impose certain operating and financial restrictions on us. Such restrictions affect, and in many cases limit or prohibit, among other things, our ability to incur additional indebtedness, make capital expenditures, redeem equity, create liens, sell assets and make dividend or other restricted payments. Based on our recently amended financial ratios for the quarterly compliance reporting period ended September 30, 2011, the full amount of the undrawn borrowing base under our revolving credit facility is available to us for all uses of proceeds, including working capital, if necessary.

We continuously review our debt covenants and report our compliance with financial ratios on a quarterly basis. We also consider such covenants in evaluating transactions that will have an effect on our financial ratios.

Capital Expenditures and Related Commitments

The following table summarizes the costs incurred, prior to the allocation of construction period interest, for maintenance capital expenditures for the three and nine months ended September 30, 2011 and 2010, and a forecast for fiscal 2011 (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,		Year Ended December 31,
	2011	2010	2011	2010	2011
	Actual	*Actual*	*Actual*	*Actual*	*Forecast*
Maintenance and Other Capital Expenditures:					
Maintenance Capital Expenditures					
Deferred drydocking charges (1)	$ 6.1	$ 3.6	$ 16.5	$ 15.7	$ 21.0
Other vessel capital improvements (2)	1.8	0.5	8.1	5.1	15.8
	7.9	4.1	24.6	20.8	36.8
Other Capital Expenditures					
Commercial-related vessel improvements (3)	8.6	0.8	14.4	17.0	21.3
Miscellaneous non-vessel additions (4)	0.7	0.2	1.4	1.5	1.9
	9.3	1.0	15.8	18.5	23.2
Total:	$ 17.2	$ 5.1	$ 40.4	$ 39.3	$ 60.0

(1) Deferred drydocking charges for the full-year 2011 include the actual and projected recertification costs for 16 OSVs, one MPSV, two tank barges and two tugs.
(2) Other vessel capital improvements include costs for discretionary vessel enhancements, which are typically incurred during a planned drydocking event to meet customer specifications.
(3) Commercial-related vessel improvements include items, such as cranes, ROVs and other specialized vessel equipment, which costs are typically included in and offset by higher dayrates charged to customers.
(4) Non-vessel capital expenditures are primarily related to information technology and shore-side support initiatives.

Forward Looking Statements

This Quarterly Report on Form 10-Q contains “forward-looking statements,” as contemplated by the Private Securities Litigation Reform Act of 1995, in which the Company discusses factors it believes may affect its performance in the future. Forward-looking statements are all statements other than historical facts, such as statements regarding assumptions, expectations, beliefs and projections about future events or conditions. You can generally identify forward-looking statements by the appearance in such a statement of words like “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “intend,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “remain,” “should,” or “will,” or other comparable words or the negative of such words. The accuracy of the Company’s assumptions, expectations, beliefs and projections depends on events or conditions that change over time and are thus susceptible to change based on actual experience, new developments and known and unknown risks. The Company gives no assurance that the forward-looking statements will prove to be correct and does not undertake any duty to update them. The Company’s actual future results might differ from the forward-looking statements made in this Quarterly Report on Form 10-Q for a variety of reasons. An oil spill or other significant event

in the United States or another offshore drilling region could have a broad impact on deepwater and other offshore energy exploration and production activities, such as the suspension of activities or significant regulatory responses. Future results may also be impacted by legislation or regulations implemented in response to the Deepwater Horizon incident in the GoM, as well as the outcome of pending litigation brought by environmental groups challenging recent exploration plans approved by the DOI. Such legislation, regulations or litigation could further aggravate a number of other existing risks, uncertainties and assumptions, including, without limitation: the Company's inability to successfully or timely complete any future newbuild programs, which involves the construction and integration of highly complex vessels and systems; the Company's inability to refinance long-term debt obligations that mature or otherwise may require repayment; less than anticipated success in marketing and operating the Company's MPSVs; bureaucratic, administrative or operating barriers that delay vessels chartered in foreign markets from going on-hire or result in contractual penalties imposed by foreign customers; renewed weakening of demand for the Company's services; unplanned customer suspensions, cancellations, rate reductions or non-renewals of vessel charters or failures to finalize commitments to charter vessels; industry risks; reductions in capital spending budgets by customers; a material reduction of Petrobras' announced plans for exploration and production activities in Brazil; declines in oil and natural gas prices; increases in operating costs; the inability to accurately predict vessel utilization levels and dayrates; the inability to effectively compete in or operate in international markets; less than anticipated subsea infrastructure demand activity in the GoM and other markets; the level of fleet additions by competitors that could result in over capacity; economic and political risks weather related risks; the inability to attract and retain qualified personnel; regulatory risks; the repeal or administrative weakening of the Jones Act, including any changes in the interpretation of the Jones Act related to the U.S. citizenship qualification; the imposition of laws or regulations that result in reduced exploration and production activities or that increase the Company's operating costs or operating requirements, including any such laws or regulations that may arise as a result of the oil spill disaster in the Gulf of Mexico or the resulting drilling moratoria and regulatory reforms; drydocking delays and cost overruns and related risks; vessel accidents or pollution incidents resulting in lost revenue or expenses that are unrecoverable from insurance policies or other third parties; unexpected litigation and insurance expenses; fluctuations in foreign currency valuations compared to the U.S. dollar and risks associated with expanded foreign operations, such as non-compliance with or the unanticipated effect of tax laws, customs laws, immigration laws, or other legislation that result in higher than anticipated tax rates or other costs or the inability to repatriate foreign-sourced earnings and profits. In addition, the Company's future results may be impacted by adverse economic conditions, such as inflation, deflation, or lack of liquidity in the capital markets, that may negatively affect it or parties with whom it does business. Should one or more of the foregoing risks or uncertainties materialize in a way that negatively impacts the Company, or should the Company's underlying assumptions prove incorrect, the Company's actual results may vary materially from those anticipated in its forward-looking statements, and its business, financial condition and results of operations could be materially and adversely affected. Additional factors that you should consider are set forth in detail in the "Risk Factors" section of this Quarterly Report on Form 10-Q as well as other filings the Company has made and will make with the Securities and Exchange Commission which, after their filing, can be found on the Company's website www.hornbeckoffshore.com.

Item 3—Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to the market risk disclosures set forth in Item 7A in our Annual Report on Form 10-K for the year ended December 31, 2010.

Item 4—Controls and Procedures

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1—Legal Proceedings

None

Item 1A—Risk Factors

Except as set forth below, there were no changes to the risk factors previously disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010.

Demand for our OSV services substantially depends on the level of activity in offshore oil and gas exploration, development and production.

The level of offshore oil and gas exploration, development and production activity has historically been volatile and is likely to continue to be so in the future. The level of activity is subject to large fluctuations in response to relatively minor changes in a variety of factors that are beyond our control. As discussed herein, oil and gas exploration, development and production activity in the GoM declined sharply in the wake of the Obama Administration's drilling moratorium and subsequent de facto regulatory moratorium that followed the *Deepwater Horizon* incident. While there has been gradual improvement in the number of incremental deepwater well permits issued per month in the GoM, it is possible that legislation

or additional regulations implemented in response to the *Deepwater Horizon* incident, as well as the outcome of pending litigation brought by environmental groups challenging exploration plans recently approved by the DOI may slow the pace of this permitting.

In addition to the foregoing, the following factors may influence oil and gas exploration, development and production levels in the GoM, as well as our other core markets of Mexico and Brazil:

- local and international political and economic conditions and policies;
- changes in capital spending budgets by our customers;
- unavailability of drilling rigs in our core markets of the GoM, Mexico and Brazil;
- prevailing oil and natural gas prices and expectations about future prices and price volatility;
- the cost of offshore exploration for, and production and transportation of, oil and natural gas;
- successful exploration for, and production and transportation of, oil and natural gas from onshore sources;
- worldwide demand for oil and natural gas;
- consolidation of oil and gas and oil service companies operating offshore;
- availability and rate of discovery of new oil and natural gas reserves in offshore areas;
- technological advances affecting energy production and consumption;
- weather conditions;
- environmental and other regulation affecting our customers and their other service providers; and
- the ability of oil and gas companies to generate or otherwise obtain funds for exploration and production.

Failure by Petrobras to continue its announced plans for increased exploration and production activities offshore Brazil may have a material adverse effect on the market for high-spec OSVs.

Petrobras has publicly announced plans to spend approximately $128 billion on exploration and production activities from 2011 through 2015 and has stated that its vessel needs could increase from approximately 290 in 2010 to nearly 480 in 2015. Any decision by Petrobras to materially reduce the scope or pace of its announced exploration and production plans offshore Brazil could negatively impact the worldwide market for high-spec OSVs and could have a material adverse effect on our financial condition and results of operations.

We are subject to complex laws and regulations, including environmental regulations that can adversely affect the cost, manner or feasibility of doing business.

Increasingly stringent federal, state, local and foreign laws and regulations governing worker health and safety and the manning, construction and operation of vessels significantly affect our operations. Many aspects of the marine industry are subject to extensive governmental regulation by the United States Coast Guard, the National Transportation Safety Board, the Environmental Protection Agency and the United States Customs Service, and their foreign equivalents, and to regulation by private industry organizations such as the American Bureau of Shipping. The Coast Guard and the National Transportation Safety Board set safety standards and are authorized to investigate vessel accidents and recommend improved safety standards, while the Coast Guard and Customs Service are authorized to inspect vessels at will. Our operations are also subject to international conventions and federal, state, local and international laws and regulations that control the discharge of pollutants into the environment or otherwise relate to environmental protection. Compliance with such laws, regulations and standards may require installation of costly equipment, increased manning, or operational changes. While we endeavor to comply with all applicable laws, we might not and our failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions, imposition of remedial obligations or the suspension or termination of our operations. Some environmental laws impose strict liability for remediation of spills and releases of oil and hazardous substances, which could subject us to liability without regard to whether we were negligent or at fault. These laws and regulations may expose us to liability for the conduct of, or conditions caused by, others, including charterers. Moreover, these laws and regulations could change in ways that substantially increase costs that we may not be able to pass along to our customers. Any changes in applicable conventions, laws, regulations or standards that would impose additional requirements or restrictions on our or our oil and gas exploration and production customers' operations could adversely affect our financial condition and results of operations. It is possible that, in response to the *Deepwater Horizon* incident, these laws and regulations may become even more stringent, which could also adversely affect our financial condition and results of operations.

We are also subject to the Merchant Marine Act of 1936, which provides that, upon proclamation by the President of a national emergency or a threat to the security of the national defense, the Secretary of Transportation may requisition or purchase any vessel or other watercraft owned by United States citizens (which includes United States corporations), including vessels under construction in the United States. If one of our OSVs, MPSVs, tugs or tank barges were purchased or requisitioned by the federal government under this law, we would be entitled to be paid the fair market value of the vessel in the case of a purchase or, in the case of a requisition, the fair market value of charter hire. However, if one of our tugs is requisitioned or purchased and its associated tank barge is left idle, we would not be entitled to receive any compensation for the lost revenues resulting from the idled barge. We would also not be entitled to be compensated for any consequential damages we suffer as a result of the requisition or purchase of any of our OSVs, MPSVs, tugs or tank barges. The purchase or the requisition for an extended period of time of one or more of our vessels could adversely affect our results of operations and financial condition.

Finally, we are subject to the Merchant Marine Act of 1920, commonly referred to as the Jones Act, which requires that vessels engaged in coastwise trade to carry cargo between U.S. ports be documented under the laws of the United States and be controlled by U.S. citizens. A corporation is not considered a U.S. citizen unless, among other things, at least 75% of the ownership of voting interests with respect to its equity securities are held by U.S. citizens. We endeavor to ensure that we would be determined to be a U.S. citizen as defined under these laws by including in our certificate of incorporation certain restrictions on the ownership of our capital stock by non-U.S. citizens and establishing certain mechanisms to maintain compliance with these laws. If we are determined at any time not to be in compliance with these citizenship requirements, our vessels would become ineligible to engage in the coastwise trade in U.S. domestic waters, and our business and operating results would be adversely affected.

On November 3, 2011, the Department of Homeland Security published in the Federal Register its request for comments and information on the various mechanisms that publicly traded companies have chosen to employ in order to assure compliance with the citizenship requirements of the Jones Act. We do not know whether the request will lead to regulatory changes that could adversely affect the manner in which we evidence that we are maintaining our required level of U.S. citizenship.

The Jones Act's provisions restricting coastwise trade to vessels controlled by U.S. citizens have recently been circumvented by foreign interests that seek to engage in trade reserved for vessels controlled by U.S. citizens and otherwise qualifying for coastwise trade. Legal challenges against such actions are difficult, costly to pursue and are of uncertain outcome. To the extent such efforts are successful and foreign competition is permitted, such competition could have a material adverse effect on domestic companies in the offshore service vessel industry and on our financial condition and results of operations. In addition, in the interest of national defense, the Secretary of Homeland Security is authorized to suspend the coastwise trading restrictions imposed by the Jones Act on vessels not controlled by U.S. citizens. Such a waiver was issued following Hurricane Katrina and was in effect on a temporary basis for tank vessels that carried petroleum products. A more limited waiver continues in existence for vessels that carry petroleum cargoes from the Strategic Petroleum Reserve.

We may be unable to attract and retain qualified, skilled employees necessary to operate our business.

Our success depends in large part on our ability to attract and retain highly skilled and qualified personnel. Our inability to hire, train and retain a sufficient number of qualified employees could impair our ability to manage, maintain and grow our business.

In crewing our vessels, we require skilled employees who can perform physically demanding work. As a result of the volatility of the oil and gas industry and the demanding nature of the work, potential vessel employees may choose to pursue employment in fields that offer a more desirable work environment at wage rates that are competitive with ours. As a result of reduced utilization and dayrates over a period from April 2010 until late in the third quarter of 2011, we furloughed or layed-off employees.

With a reduced pool of workers, it is possible that we will have to raise wage rates to attract workers and to retain our current employees. If we are not able to increase our service rates to our customers to compensate for wage-rate increases, our financial condition and results of operations may be adversely affected. If we are unable to recruit qualified personnel we may not be able to operate our vessels at full utilization, which would adversely affect our results of operations.

Changes in legislation, policy, restrictions or regulations for drilling in the Gulf of Mexico that cause delays or deter new drilling could have a material adverse effect on our financial position, results of operations and cash flows.

In response to the April 20, 2010, *Deepwater Horizon* incident, the Obama Administration and regulatory agencies with jurisdiction over oil and gas exploration, including the DOI, responded to the *Deepwater Horizon* incident by imposing temporary moratoria on drilling operations, by requiring operators to reapply for exploration plans and drilling permits which had previously been approved and by adopting numerous new regulations and new interpretations of existing regulations regarding operations in the U.S. Gulf of Mexico that are applicable to our Upstream customers and with which their new applications for exploration plans and drilling permits must prove compliant. Compliance with these new regulations and new interpretations of existing regulations may materially increase the cost of drilling operations in the GoM, which could materially adversely impact our business, financial position or results of operations.

The uncertainty surrounding the timing and cost of drilling activities in the GoM is primarily the result of (i) newly issued regulations by the DOI and the BOEMRE, (ii) on-going clarifications and interpretive guidance often in the form of an NTL issued by the DOI, BOEM and BSEE (defined below) relating to these newly issued regulations as well as with respect to existing regulations, (iii) continuing compliance efforts relating to these regulations, clarifications and guidance, (iv) continuing uncertainty as to the ability of the BSEE to timely review submissions and issue drilling permits, (v) the general uncertainty regarding additional regulation of the oil and gas industry's operations in the GoM and (vi) on-going and potential third party legal challenges to industry drilling operations in the GoM. Since early 2011, there has been gradual improvement in the number of approved permits per month, however, it is possible that the improvement of this pace could slow or reverse as a result of the uncertainties discussed above. In addition, the commission appointed by the President of the United States to study the causes of the catastrophe released its report and has recommended certain legislative and regulatory measures that should be taken to minimize the possibility of a reoccurrence of a disastrous spill. Various bills are being considered by Congress which, if enacted, could either significantly impact drilling and exploration activities in the GoM, particularly in the deepwater areas, or possibly drive a substantial portion of drilling and operational activity out of the GoM.

In addition, effective October 1, 2011, the BOEMRE was split into two federal bureaus, the Bureau of Ocean Energy Management ("BOEM"), which handles offshore leasing, resource evaluation, review and administration of oil and gas exploration and development plans, renewable energy development, National Environmental Policy Act analysis and environmental studies, and the Bureau of Safety and Environmental Enforcement ("BSEE"), which is responsible for the safety and enforcement functions of offshore oil and gas operations, including the development and enforcement of safety and environmental regulations, permitting

of offshore exploration, development and production activities, inspections, offshore regulatory programs, oil spill response and newly formed training and environmental compliance programs. Consequently, after October 1, 2011, our GoM oil and gas exploration and production customers are interacting with two newly formed federal bureaus to obtain approval of their exploration and development plans and issuance of drilling permits, which may result in added plan approval or drilling permit delays as the functions of what was formerly the BOEMRE are fully divested from the former agency and implemented in the two federal bureaus.

Given the current restrictions, potential future restrictions and the uncertainty surrounding the availability of any exceptions to any restrictions, we cannot predict with certainty the pace with which our GoM oil and gas exploration and production customers will be able to continue their drilling activities in the GoM. Further restrictions on or a prolonged delay in these drilling operations would have a material adverse effect on our business, financial position or future results of operations. Moreover, the uncertainty caused by any such legislation, policy, restrictions or regulations for new drilling in the GoM could aggravate the potentially adverse effects of many of the risks otherwise identified in this Quarterly Report on Form 10-Q and the Company's Annual Report on Form 10-K for the year ended December 31, 2010.

Item 2—Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3—Defaults Upon Senior Securities

None.

Item 4—Removed and Reserved

Item 5—Other Information

GLOSSARY OF TERMS

We have included below the definitions for certain terms used in this Quarterly Report on Form 10-Q:

"AHTS" means anchor-handling towing supply;

"cabotage laws" laws pertaining to the privilege of carrying traffic between two ports in the same country;

"coastwise trade" means the transportation of merchandise or passengers by water, or by land and water, between points in the United States, either directly or via a foreign port;

"conventional" means, when referring to OSVs, vessels that are at least 30 years old, are generally less than 200' in length or carry less than 1,500 deadweight tons of cargo when originally built and primarily operate, when active, on the continental shelf;

"deepwater" means offshore areas, generally 1,000' to 5,000' in depth;

Deepwater Horizon incident" means the subsea blowout and resulting oil spill at the Macondo well site in the GoM in April 2010 and subsequent sinking of the *Deepwater Horizon* drilling rig;

"deep-well" means a well drilled to a true vertical depth of 15,000' or greater;

"DOI" means U.S. Department of the Interior and all its various sub-agencies, including effective October 1, 2011 the Bureau of Ocean Energy Management ("BOEM"), which handles offshore leasing, resource evaluation, review and administration of oil and gas exploration and development plans, renewable energy development, National Environmental Policy Act analysis and environmental studies, and the Bureau of Safety and Environmental Enforcement ("BSEE") which is responsible for the safety and enforcement functions of offshore oil and gas operations, including the development and enforcement of safety and environmental regulations, permitting of offshore exploration, development and production activities, inspections, offshore regulatory programs, oil spill response and newly formed training and environmental compliance programs; BOEM and BSEE being successor entities to the Bureau of Ocean Energy Management, Regulation and Enforcement ("BOEMRE"), which effective June 2010 was the successor entity to the Minerals Management Service;

"domestic public company OSV peer group" includes SEACOR Holdings Inc. (NYSE:CKH), GulfMark Offshore, Inc. (NYSE:GLF) and Tidewater Inc. (NYSE:TDW);

"DP-1," "DP-2" and "DP-3" mean various classifications of dynamic positioning systems on new generation vessels to automatically maintain a vessel's position and heading*;*

"DWT" means deadweight tons;

"EIA" means the U.S. Energy Information Administration;

"flotel" means on-vessel accommodations services, such as lodging, meals and office space;

"GoM" means the U.S. Gulf of Mexico;

"high-specification" or "high-spec" means, when referring to new generation OSVs, vessels with cargo-carrying capacity of greater than 2,500 DWT (i.e., 240 class OSV notations or higher), and dynamic-positioning systems with a DP-2 classification or higher; and, when referring to jack-up drilling rigs, rigs capable of working in 400-ft. of water depth or greater, with hook-load capacity of 2,000,000 lbs. or greater, with cantilever reach of 70-ft. or greater; and minimum quarters capacity of 150 berths or more;

"IRM" means inspection, repair and maintenance, also known as "IMR," or inspection, maintenance and repair, depending on regional preference;

"Jones Act" means the U.S. cabotage law known as the Merchant Marine Act of 1920, as amended;

"long-term contract" means a time charter of one year or longer in duration;

"public company OSV peer group" means SEACOR Holdings Inc. (NYSE:CKH), GulfMark Offshore, Inc. (NYSE:GLF), Tidewater Inc. (NYSE:TDW), Farstad Shipping (NO:FAR), Solstad Offshore (NO:SOFF), Deep Sea Supply (NO:DESSC), DOF ASA (NO:DOF), Siem Offshore (NO:SIOFF), Groupe Bourbon SA (GBB:FP), Havila Shipping ASA (NO:HAVI), Eidesvik Offshore (NO:EIOF) and Ezra Holdings Ltd (SI:EZRA);

"Macondo" means the well site location in the deepwater GoM where the *Deepwater Horizon* incident occurred;

"MPSV" means a multi-purpose support vessel;

"MSRC" means the Marine Spill Response Corporation;

"new generation" means, when referring to OSVs, modern, deepwater-capable vessels subject to the regulations promulgated under the International Convention on Tonnage Measurement of Ships, 1969, which was adopted by the United States and made effective for all U.S.-flagged vessels in 1992 and foreign-flagged equivalent vessels;

"OSV" means an offshore supply vessel, also known as a "PSV," or platform supply vessel, depending on regional preference;

"ROV" means remotely operated vehicle;

"spot contract" means a time charter of less than one year in duration;

"stacked vessel" means a vessel that has been removed from service to reduce operating costs due to a lack of adequate marketing opportunities, whereby its crew is removed from the vessel and limited maintenance is performed on the vessel; and

"ultra-deepwater" means offshore areas, generally more than 5,000' in depth;

Item 6—Exhibits

Exhibit Index

Exhibit Number		Description of Exhibit
3.1	—	Second Restated Certificate of Incorporation of the Company, as amended (incorporated by reference to Exhibit 3.1 to the Company's Form 10-Q for the quarter ended March 31, 2005).
3.2	—	Certificate of Designation of Series A Junior Participating Preferred Stock filed with the Secretary of State of the State of Delaware on June 20, 2003 (incorporated by reference to Exhibit 3.6 to the Company's Registration Statement on Form S-1 dated September 19, 2003, Registration No. 333-108943).
3.3	—	Fourth Restated Bylaws of the Company adopted June 30, 2004 (incorporated by reference to Exhibit 3.3 to the Company's Form 10-Q for the quarter ended June 30, 2004).

Exhibit Number		Description of Exhibit
4.1	—	Indenture dated as of November 23, 2004 between the Company, the guarantors named therein and Wells Fargo Bank, National Association (as Trustee), including table of contents and cross-reference sheet (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed November 24, 2004).
4.2	—	Specimen 6.125% Series B Senior Note due 2014 (incorporated by reference to Exhibit 4.12 to the Company's Registration Statement on Form S-4 dated December 22, 2004, Registration No. 333-121557).
4.3	—	Specimen stock certificate for the Company's common stock, $0.01 par value (incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form 8-A dated March 25, 2004, Registration No. 001-32108).
4.4	—	Rights Agreement dated as of June 18, 2003 between the Company and Mellon Investor Services LLC as Rights Agent, which includes as Exhibit A the Certificate of Designations of Series A Junior Participating Preferred Stock, as Exhibit B the form of Right Certificate and as Exhibit C the form of Summary of Rights to Purchase Stock (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed July 3, 2003).
4.5	—	Amendment to Rights Agreement dated as of March 5, 2004 between the Company and Mellon Investor Services LLC as Rights Agent (incorporated by reference to Exhibit 4.13 to the Company's Form 10-K for the period ended December 31, 2003).
4.6	—	Second Amendment to Rights Agreement dated as of September 3, 2004 by and between the Company and Mellon Investor Services, LLC as Rights Agent (incorporated by reference to Exhibit 4.3 to the Company's Form 8-A/A filed September 3, 2004, Registration No. 001-32108).
4.7	—	Indenture dated as of November 13, 2006 by and among Hornbeck Offshore Services, Inc., the guarantors named therein, and Wells Fargo Bank, National Association, as Trustee (including form of 1.625% Convertible Senior Notes due 2026) (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed November 13, 2006).
4.8	—	Confirmation of OTC Warrant Confirmation dated as of November 7, 2006 by and between Hornbeck Offshore Services, Inc. and Jefferies International Limited (incorporated by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed November 13, 2006).
4.9	—	Confirmation of OTC Warrant Confirmation dated as of November 7, 2006 by and between Hornbeck Offshore Services, Inc and Bear, Stearns International Limited, as supplemented on November 9, 2006 (incorporated by reference to Exhibit 4.7 to the Company's Current Report on Form 8-K filed November 13, 2006).

Exhibit Number		Description of Exhibit
4.10	—	Confirmation of OTC Warrant Confirmation dated as of November 7, 2006 by and between Hornbeck Offshore Services, Inc. and AIG-FP Structured Finance (Cayman) Limited, as supplemented on November 9, 2006 (incorporated by reference to Exhibit 4.8 to the Company's Current Report on Form 8-K filed November 13, 2006).
4.11	—	Indenture dated as of August 17, 2009 by and among Hornbeck Offshore Services, Inc., the guarantors named therein, and Wells Fargo Bank, National Association, as Trustee (including form of 8% Senior Notes due 2017) (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed August 18, 2009).
4.12	—	Specimen 8% Series B Senior Note due 2017 (incorporated by reference to Exhibit 4.11 to the Company's Registration Statement on Form S-4 dated September 29, 2009, Registration No. 333-162197).
*10.1	—	Amended and Restated Credit Agreement dated as of November 2, 2011 by and among the Company and two of its subsidiaries, Hornbeck Offshore Services, LLC and Hornbeck Offshore Transportation, LLC, each of the lenders and the guarantors signatory thereto, and Wells Fargo Bank, NA, as administrative agent to the lenders.
*31.1	—	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*31.2	—	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*32.1	—	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*32.2	—	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*101	—	Interactive Data File

*** Filed herewith.**

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

Hornbeck Offshore Services, Inc.

Date: November 7, 2011

/s/ JAMES O. HARP, JR.
James O. Harp, Jr.
Executive Vice President and Chief Financial Officer

Exhibit 10.1

Execution Version

AMENDED AND RESTATED CREDIT AGREEMENT

DATED AS OF

NOVEMBER 2, 2011

AMONG

HORNBECK OFFSHORE SERVICES, LLC

and

HORNBECK OFFSHORE TRANSPORTATION, LLC,

AS BORROWERS,

HORNBECK OFFSHORE SERVICES, INC.,

AS PARENT GUARANTOR,

WELLS FARGO BANK, N.A.,

AS ADMINISTRATIVE AGENT

AND

THE LENDERS PARTY HERETO

SOLE LEAD ARRANGER AND SOLE BOOKRUNNER

WELLS FARGO SECURITIES, LLC

TABLE OF CONTENTS

ANNEXES, EXHIBITS, AND SCHEDULES

THIS AMENDED AND RESTATED CREDIT AGREEMENT dated as of November 2, 2011 (the "Effective Date"), is among: Hornbeck Offshore Services, LLC and Hornbeck Offshore Transportation, LLC, each a limited liability company duly formed and existing under the laws of the State of Delaware (collectively, the "Borrowers" and individually, a "Borrower"); Hornbeck Offshore Services, Inc., a corporation duly formed and existing under the laws of the State of Delaware (the "Parent Guarantor"); each of the Lenders from time to time party hereto; and Wells Fargo Bank, N.A. (in its individual capacity, "Wells Fargo"), as administrative agent for the Lenders (in such capacity, together with its successors in such capacity, the "Administrative Agent").

R E C I T A L S

A. The Borrowers, certain of the Lenders, the Administrative Agent and the other parties thereto entered into the Existing Credit Agreement (as defined below).

B. The Borrowers have requested and the Lenders have consented to the amendment and restatement of the Existing Credit Agreement, and the renewal and extension of all obligations and Indebtedness thereunder.

C. In consideration of the mutual covenants and agreements herein contained and of the loans, extensions of credit and commitments hereinafter referred to, the parties hereto agree that the Existing Credit Agreement is amended and restated as follows:

ARTICLE I
Definitions and Accounting Matters

Section 1.01 Terms Defined Above. As used in this Agreement, each term defined above has the meaning indicated above.

Section 1.02 Certain Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"2013 Convertible Senior Unsecured Notes" means the 1.625% Senior Unsecured Convertible Notes due 2026 and subject to a first put option in favor of the holders of such notes in 2013, issued pursuant to the 2013 Convertible Senior Unsecured Notes Indenture.

"2013 Convertible Senior Unsecured Notes Indenture" means that certain Indenture, dated as of November 13, 2006, among Hornbeck Offshore Services, Inc. and Wells Fargo Bank, National Association, as amended, restated, supplemented or otherwise modified from time to time in accordance with the requirements thereof.

"2014 Senior Unsecured Notes" means the 6.125% Senior Unsecured Notes due 2014 issued pursuant to the 2014 Senior Unsecured Notes Indenture.

"2014 Senior Unsecured Notes Indenture" means that certain Indenture, dated as of November 23, 2004, among Hornbeck Offshore Services, Inc. and Wells Fargo Bank, National Association, as amended, restated, supplemented or otherwise modified from time to time in accordance with the requirements thereof.

"2017 Senior Unsecured Notes" means the 8% Senior Unsecured Notes due 2017 issued pursuant to the 2017 Senior Unsecured Notes Indenture.

"2017 Senior Unsecured Notes Indenture" means that certain Indenture, dated as of August 17, 2009, among Hornbeck Offshore Services, Inc. and Wells Fargo Bank, National Association, as amended, restated, supplemented or otherwise modified from time to time in accordance with the requirements thereof.

"ABR", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

"Act" has the meaning assigned such term in Section 12.17.

"Additional Lender" has the meaning assigned such term in Section 2.10(a).

"Additional Lender Certificate" has the meaning assigned such term in Section 2.10(b)(iii).

"Adjusted LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affected Loans" has the meaning assigned such term in Section 5.05.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Agreement" means this Amended and Restated Credit Agreement, together with any and all supplements, restatements, renewals, refinances, modifications, amendments, extensions for any period, increases or rearrangements thereof.

"Alternate Base Rate" means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1% and (c) the LIBO Rate for a one month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the LIBO Rate, respectively.

"APB 14" means Accounting Standards Codification Topic 470-20 (formerly Financial Accounting Standards Board (FASB) Staff Position APB14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion* (*Including Partial Cash Settlement*)), promulgated by the FASB.

"Applicable Margin" means, for any day, with respect to any ABR Loan, Eurodollar Loan or the Commitment Fee Rate, as the case may be, the rate per annum set forth in the grid below, based upon the Leverage Ratio as set forth below:

Grid

Pricing Level	Leverage Ratio	LIBO Rate Margin	Alternate Base Rate Margin	Commitment Fee Rate
1	< 1.50 x	2.00%	1.00%	0.375%
2	> 1.50 x < 2.00 x	2.25%	1.25%	0.375%
3	> 2.00 x < 2.50 x	2.50%	1.50%	0.500%
4	> 2.50 x < 3.00 x	2.75%	1.75%	0.500%
5	> 3.00 x	3.00%	2.00%	0.500%

Any increase or decrease in the Applicable Margin under the grid set forth above with respect to ABR Loans, Eurodollar Loans, or the Commitment Fee Rate, as the case may be, resulting from a change in the Leverage Ratio shall become effective as of the first Business Day immediately following the date a compliance certificate is delivered pursuant to Section 8.02(b); provided, however, that if a compliance certificate is not delivered when due in accordance with Section 8.02(b), then Pricing Level 5 shall apply as of the first Business Day after the date on which such compliance certificate was required to have been delivered until such compliance certificate is delivered to the Administrative Agent.

"Applicable Percentage" means, with respect to any Lender, the percentage of the total Commitments represented by such Lender's Commitment from time to time in effect.

"Appraisal" means a written opinion of value of the Vessels by the Surveyor, including the appraisal prepared by the Surveyor dated March 29, 2011.

"Arranger" means Wells Fargo Securities, LLC in its capacity as sole lead arranger and sole book runner hereunder.

"Assignment" has the meaning assigned such term in Section 12.04(b)(i).

"Availability Period" means the period from and including the Effective Date to but excluding the Maturity Date.

"Available Liquidity" means, on any date of determination, the sum of (i) all amounts available to be borrowed by the Borrowers under this Agreement as of such date plus (ii) the amount of unencumbered cash and cash equivalents (determined in accordance with GAAP) of the Parent Guarantor (on a consolidated basis with its Consolidated Subsidiaries) in excess of $20,000,000.

"Bankruptcy Law" means Title 11, United States Code, or any similar federal or state law for the relief of debtors.

"Board" means the Board of Governors of the Federal Reserve System of the United States of America or any successor Governmental Authority.

"Board of Directors" means the Board of Directors of the Parent Guarantor or any other Person, as applicable, or any authorized committee of the Board of Directors.

"Borrowing" means Loans of the same Type, made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect.

"Borrowing Request" means a request by the Borrowers for a Borrowing in accordance with Section 2.03.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in Houston, Texas are authorized or required by law to remain closed; and if such day relates to a Borrowing or continuation of, a payment or prepayment of principal of or interest on, or a conversion of or into, or the Interest Period for, a Eurodollar Loan or a notice by the Borrowers with respect to any such Borrowing or continuation, payment, prepayment, conversion or Interest Period, any day which is also a day on which dealings in dollar deposits are carried out in the London interbank market.

"Capital Leases" means, in respect of any Person, all leases which shall have been, or should have been, in accordance with GAAP, recorded as capital leases on the balance sheet of the Person liable (whether contingent or otherwise) for the payment of rent thereunder.

"Casualty Event" means any actual, constructive, agreed, compromised or arranged total loss, material casualty or other insured material damage to, or any nationalization, requisition, taking under power of eminent domain or by condemnation or similar proceeding of, any Vessel Collateral.

"Change in Control" means the occurrence of any of the following: (a) the Parent Guarantor fails to own one hundred percent (100%) of the membership interests of each Borrower except pursuant to a merger permitted by Section 9.06, (b) the consummation of any transaction (including, without limitation, any merger or consolidation, but excluding the effect of any voting arrangement pursuant to any agreement among the Parent Guarantor and any stockholders of the Parent Guarantor as in effect on the Effective Date) the result of which is that any "person" (as such term is used in Section 13(d) (3) of the Exchange Act) becomes the "beneficial owner" (as such term is defined in Rule 13d-3 and Rule 13d-5 under the Exchange Act), directly or indirectly through one or more intermediaries, of more than fifty percent (50%) of the voting power of the outstanding Voting Stock of the Parent Guarantor or (c) the first day on which more than a majority of the members of the Board of Directors are not Continuing Directors; *provided*, *however*, that a transaction in which the Parent Guarantor becomes a Subsidiary of another Person (other than a Person that is an individual) shall not constitute a Change in Control if (i) the stockholders of the Parent Guarantor immediately prior to such transaction "beneficially own" (as such term is defined in Rule 13d-3 and Rule 13d-5 under the Exchange Act), directly or indirectly through one or more intermediaries, at least a majority of the voting power of the outstanding Voting Stock of such other Person immediately following the consummation of such transaction and (ii) immediately following the consummation of such transaction, no "person" (as such term is defined above), other than such other Person (but including the holders of the Equity Interests of such other Person), "beneficially owns" (as such term is defined above), directly or indirectly through one or more intermediaries, more than fifty percent (50%) of the voting power of the outstanding Voting Stock of the Parent Guarantor.

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor statute.

"Commitment" means with respect to each Lender, the commitment of such Lender to make Loans pursuant to Section 2.01 and Section 2.09(c), to acquire participations in Letters of Credit pursuant to Section 2.08(d), and to acquire participations in Swing Line Loans pursuant to Sections 2.09(a) and (c) as such commitment may be (a) reduced or terminated from time to time pursuant to Section 2.06, (b) terminated pursuant to ARTICLE X, (c) modified from time to time to reflect any assignments permitted by Section 12.04 or (d) increased pursuant to Section 2.10. The initial amount of each Lender's Commitment shall be the amount set forth on Annex I attached hereto.

"Commitment Fee Rate" has the meaning assigned such term in the grid contained in the definition of Applicable Margin.

"Commitment Increase" means any increase of the total Commitments pursuant to Section 2.10.

"Commitment Increase Certificate" has the meaning assigned such term in Section 2.10(b)(ii).

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Consolidated Net Income" means, with respect to the Parent Guarantor for any period, the aggregate of the Net Income of the Parent Guarantor and its Consolidated Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP, before any adjustment for discontinued operations, the cumulative effect of a change in accounting principles or any extraordinary items that are unusual and infrequent, as contemplated by GAAP.

"Consolidated Net Tangible Assets" means, with respect to any Person as of any date, the sum of the amounts that would appear on a consolidated balance sheet of such Person and its Consolidated Subsidiaries as the total assets of such Person and its Consolidated Subsidiaries, determined on a consolidated basis in accordance with GAAP and after deducting therefrom, (a) to the extent otherwise included, unamortized debt discount and expenses and other unamortized deferred charges, goodwill, patents, trademarks, service marks, trade names, copyrights, licenses, organization or development expenses and other intangible items and (b) the aggregate amount of liabilities of such Person and its Consolidated Subsidiaries which may be properly classified as current liabilities (including tax accrued as estimated), determined on a consolidated basis in accordance with GAAP. Notwithstanding the foregoing, deferred drydocking expenses and the HOS Port leasehold improvements are not included in (a) above.

"Consolidated Subsidiaries" means each Subsidiary of the Parent Guarantor (whether now existing or hereafter created or acquired) the financial statements of which shall be (or should have been) consolidated with the financial statements of the Parent Guarantor in accordance with GAAP.

"Continuing Directors" means, as of any date of determination, any member of the Board of Directors who (a) was a member of the Board of Directors on the Effective Date or (b) was nominated for election to the Board of Directors with the approval of, or whose election to the Board of Directors was ratified by, at least two-thirds of the directors who were members of the Board of Directors on the Effective Date or who were so elected to the Board of Directors thereafter.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Credit Exposure" means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Loans, risk participations in Swing Line Loans and its LC Exposure at such time.

"Debt" means any and all amounts or liabilities owing from time to time by a Borrower or Guarantor, as applicable, to any Person, including the Administrative Agent or any of the Lenders, direct or indirect, liquidated or contingent, now existing or hereafter arising, including without limitation (i) indebtedness for money borrowed; (ii) unfunded portions of commitments for money to be borrowed; (iii) the amounts of all standby and commercial letters of credit and bankers acceptances, matured or unmatured, issued on behalf of a Borrower or Guarantor, as applicable; (iv) guaranties of the obligations of any other Person, whether direct or indirect, whether by agreement to purchase the indebtedness of any other Person or by agreement for the furnishing of funds to any other Person through the purchase or lease of goods, supplies or services (or by way of stock purchase, capital contribution, advance or loan) for the purpose of paying or discharging the indebtedness of any other Person, or otherwise; (v) the present value of all obligations for the payment of rent or hire of Property of any kind (real or personal) under leases or lease agreements required to be capitalized under generally accepted accounting principles, and (vi) trade payables incurred in the ordinary course of business or otherwise. For the avoidance of doubt, all Debt subject to APB 14 will be calculated at par value.

"Debt Covenant" has the meaning assigned such term in Section 9.02.

"Debtor Relief Laws" means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect.

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Defaulting Lender" means, subject to Section 2.13(b), any Lender that (a) has failed to (i) fund all or any portion of its Loans within two Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrowers in writing that such failure is the result of such Lender's determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent, any Issuing Lender, any Swing Line Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit or Swing Line Loans) within two Business Days of the date when due, (b) has notified the Borrowers, the Administrative Agent or any Issuing Lender or Swing Line Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on such Lender's determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three Business Days after written request by the Administrative Agent or the Borrowers, to confirm in writing to the Administrative Agent and the Borrowers that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the

Borrowers), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, or (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.13(b)) upon delivery of written notice of such determination to the Borrowers, each Issuing Lender, each Swing Line Lender and each Lender.

"Default Rate" means the rate of interest described in Section 3.02(c).

"Deposit Accounts" means all deposit accounts and demand deposit accounts of the Parent Guarantor or the Borrowers maintained with the Administrative Agent or any Lender, but expressly excluding all Investment Accounts and all foreign accounts of the Borrowers and the Parent Guarantor.

"Disqualified Stock" means any Equity Interests that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, matures (excluding any maturity as a result of an optional redemption by the issuer thereof) or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is six (6) months after the Maturity Date.

"dollars" or "$" refers to lawful money of the United States of America.

"Domestic Subsidiary" means any Subsidiary that is organized under the laws of the United States of America or any state thereof or the District of Columbia.

"EBITDA" shall mean, for any rolling four fiscal quarter period preceding any applicable date of calculation, Consolidated Net Income for that period; plus, without duplication and to the extent included in the calculation of such Consolidated Net Income for such period, the sum of (a) depreciation, amortization and all other non-cash expenses for that period; plus (b) gross interest expense for that period; plus (c) the aggregate amount of federal and state taxes on or measured by income for that period (whether or not payable during that period); plus (d) losses on early extinguishment of debt for that period (including, without limitation, any nonrecurring charges relating to any premium or penalty paid, write off of deferred finance costs or original issue discount or other charges in connection with redeeming or otherwise retiring any Debt prior to its Stated Maturity); plus (e) stock-based compensation expense reported for that period under FAS 123R; plus or minus, as applicable, (f) any other adjustment(s) to Consolidated Net Income included by Parent Guarantor in calculating EBITDA for that period as reported in a public filing with the SEC, all calculated for Parent Guarantor and its Subsidiaries on a consolidated basis. Notwithstanding the foregoing, interest income will be included in EBITDA.

"Environmental Laws" means any law, statute, code, ordinance, order, determination, rule, regulation, judgment, decree, injunction, franchise, permit, certificate, license, authorization or other directive or requirement, whether now or hereafter in effect, pertaining in any way to health, safety, the environment or the preservation or reclamation of natural resources, in effect in any and all jurisdictions

in which the Parent Guarantor or any Subsidiary is conducting or at any time has conducted business, or where any Property of the Parent Guarantor or any Subsidiary is located, including without limitation, the Oil Pollution Act of 1990 ("OPA"), as amended, the Clean Air Act, as amended, the Comprehensive Environmental, Response, Compensation, and Liability Act of 1980 ("CERCLA"), as amended, the Federal Water Pollution Control Act, as amended, the Occupational Safety and Health Act of 1970, as amended, the Resource Conservation and Recovery Act of 1976 ("RCRA"), as amended, the Safe Drinking Water Act, as amended, the Toxic Substances Control Act ("TSCA"), as amended, the Superfund Amendments and Reauthorization Act of 1986, as amended, the Hazardous Materials Transportation Act ("HMTA"), as amended, and other environmental conservation or protection Governmental Requirements. The term "oil" shall have the meaning specified in OPA, the terms "hazardous substance" and "release" (or "threatened release") have the meanings specified in CERCLA, the terms "solid waste" and "disposal" (or "disposed") have the meanings specified in RCRA and the term "oil and gas waste" shall have the meaning specified in Section 91.1011 of the Texas Natural Resources Code ("Section 91.1011"); *provided, however*, that (a) in the event either OPA, CERCLA, RCRA or Section 91.1011 is amended so as to broaden the meaning of any term defined thereby, such broader meaning shall apply subsequent to the effective date of such amendment and (b) to the extent the laws of the state or other jurisdiction in which any Property of the Parent Guarantor or any Subsidiary is located establish a meaning for "oil," "hazardous substance," "release," "solid waste," "disposal" or "oil and gas waste" which is broader than that specified in either OPA, CERCLA, RCRA or Section 91.1011, such broader meaning shall apply for such purpose.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such Equity Interest (but excluding any debt security that is convertible into or exchangeable for Equity Interests).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute.

"ERISA Affiliate" means each trade or business (whether or not incorporated) which together with the Parent Guarantor, the Borrowers or a Subsidiary would be deemed to be a "single employer" within the meaning of section 4001(b)(1) of ERISA or subsections (b), (c), (m) or (o) of section 414 of the Code.

"ERISA Event" means: (a) any "reportable event," as defined in section 4043 of ERISA or the regulations issued thereunder, with respect to a Plan; (b) the failure of a Plan to meet the minimum funding standards under section 412 of the Code or section 302 of ERISA (determined without regard to any waiver of the funding provisions therein or in section 430 of the Code or section 303 of ERISA); (c) the filing pursuant to section 412 of the Code or section 303 of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Parent Guarantor, a Borrower, a Subsidiary or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Parent Guarantor, a Borrower, a Subsidiary or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan, but only to the extent such Plan is subject to section 412 of the Code or section 302 of ERISA; (f) the incurrence by the Parent Guarantor, a Borrower, a Subsidiary or any ERISA Affiliate of any liability under section 4062(e) of ERISA or with respect to the withdrawal or partial withdrawal from any Plan (including as a "substantial employer," as defined in section 4001(a)(2) of ERISA) or Multiemployer Plan (including the incurrence by the Parent Guarantor, a Borrower, a Subsidiary or any ERISA Affiliate of any Withdrawal Liability); or (g) the receipt by the Parent Guarantor, a Borrower, a Subsidiary or any ERISA Affiliate of any notice

concerning the imposition of a Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, in endangered or critical status, within the meaning of section 305 of ERISA, or insolvent or in reorganization, within the meaning of Title IV of ERISA.

"Eurodollar", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate.

"Event of Default" has the meaning assigned such term in Section 10.01.

"Excepted Lien" has the meaning assigned such term in Section 9.03.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Borrowers under Section 2.12) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 5.03, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure to comply with Section 5.03(g), and (d) any U.S. federal withholding Taxes imposed under FATCA.

"Existing Credit Agreement" means the Senior Secured Revolving Credit Agreement dated September 27, 2006, by and between the Borrowers, Wells Fargo Bank, N.A., as administrative agent, and the banks party thereto, as previously amended.

"FATCA" means the Foreign Account Tax Compliance Act as set forth in sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof.

"Federal Funds Effective Rate" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three (3) federal funds brokers of recognized standing selected by it.

"Fee Letter" means the letter agreement, dated as of October 18, 2011, between the Borrowers and the Arranger.

"Fleet Mortgage" means a mortgage in substantially the form of Exhibit F-2, as the same may be amended, modified or supplemented from time to time.

"Foreign Lender" means any Lender that is not a U.S. Person.

"Foreign Subsidiary" means any Subsidiary that is not a Domestic Subsidiary.

"Fronting Exposure" means, at any time there is a Defaulting Lender, (a) with respect to any Issuing Lender, such Defaulting Lender's Applicable Percentage of the outstanding LC Disbursements with respect to Letters of Credit issued by such Issuing Lender other than LC Disbursements as to which such Defaulting Lender's participation obligation has been reallocated to other Lenders or cash collateralized in accordance with the terms hereof, and (b) with respect to any Swing Line Lender, such Defaulting Lender's Applicable Percentage of outstanding Swing Line Loans made by such Swing Line Lender other than Swing Line Loans as to which such Defaulting Lender's participation obligation has been reallocated to other Lenders.

"Funded Debt" shall mean, as at any applicable date of calculation, all outstanding Debt of the Parent Guarantor (on a consolidated basis with its Consolidated Subsidiaries) that is Debt comprised of money borrowed, letters of credit and bankers acceptances, matured or unmatured, and the present value of obligations under Capital Leases, but not (i) Debt comprised of guaranties, (ii) unfunded commitments to lend, (iii) trade payables and (iv) accruals and deferrals.

"Funded Net Debt" shall mean, as of any applicable date of calculation, the difference of (i) Funded Debt, minus (ii) the amount of unencumbered cash and cash equivalents (determined in accordance with GAAP) owned by Parent Guarantor (on a consolidated basis with its Consolidated Subsidiaries) in excess of $20,000,000.

"GAAP" means generally accepted accounting principles in the United States of America as in effect from time to time subject to the terms and conditions set forth in Section 1.05.

"Governmental Authority" means the government of the United States of America, any other nation or any political subdivision thereof, whether foreign or domestic, federal, state or local, and any agency, authority, instrumentality, regulatory body, court, central bank, department, commissions, boards, officials and officers or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government over the Parent Guarantor, any Borrower, any Subsidiary, any of their Properties, the Administrative Agent, the Issuing Lender or any Lender.

"Governmental Requirement" means any law, statute, code, ordinance, order, determination, rule, regulation, judgment, decree, injunction, franchise, permit, certificate, license, authorization or other directive or requirement, whether now or hereafter in effect, including, without limitation, Environmental Laws, and occupational, safety and health standards or controls, of any Governmental Authority.

"Guarantors" means, collectively, the Parent Guarantor and each Guarantor Subsidiary.

"Guarantor Subsidiary" means any Subsidiary that is required to sign a guaranty pursuant to Section 8.15.

"Guaranty and Collateral Agreement" means an agreement executed by the Guarantors in substantially the form of Exhibit F-1 unconditionally guarantying on a joint and several basis, payment of the Indebtedness, as the same may be amended, modified or supplemented from time to time.

"Hazardous Materials" means: (i) any "hazardous waste" as defined by RCRA; (ii) any "hazardous substance" as defined by CERCLA; (iii) any "toxic substance" as defined by TSCA; (iv) any "hazardous material" as defined by HMTA; (v) asbestos; (vi) polychlorinated biphenyls; (v) any substance the presence of which on the Vessels is prohibited by any lawful Governmental Requirement from time to time in force and effect relating to the Vessels; and (vii) any other substance which by any Governmental Requirement requires special handling in its collection, storage, treatment or disposal.

"Highest Lawful Rate" means, with respect to each Lender, the maximum nonusurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the Notes or on other Indebtedness under laws applicable to such Lender which are presently in effect or, to the extent allowed by law, under such applicable laws which may hereafter be in effect and which allow a higher maximum nonusurious interest rate than applicable laws allow as of the date hereof.

"Indebtedness" means any and all amounts owing or to be owing by the Parent Guarantor, any Borrower, any of the Subsidiaries or any Guarantor whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising: (a) to the Administrative Agent, the Issuing Lender or any Lender under any Loan Document; (b) to any Lender, the Administrative Agent or any Affiliate of a Lender or the Administrative Agent under any Swap Agreement between the Parent Guarantor, any Borrower or any Subsidiary and such Lender or Administrative Agent or any such Affiliate of a Lender or the Administrative Agent Agent permitted by the terms of this Agreement while such Person (or in the case of its Affiliate, the Person affiliated therewith) is a Lender or the Administrative Agent hereunder and (c) all renewals, extensions and/or rearrangements of any of the above.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrowers under any Loan Document and (b) to the extent not otherwise described in subsection (a) above, Other Taxes.

"Indentures" means the 2013 Convertible Senior Unsecured Notes Indenture, the 2014 Senior Unsecured Notes Indenture and the 2017 Senior Unsecured Notes Indenture.

"Indenture Obligations" means any notes outstanding or hereafter issued under the Indentures and all obligations related thereto.

"Information" has the meaning assigned such term in Section 12.11.

"Interest Election Request" means a request by the Borrowers to convert or continue a Borrowing in accordance with Section 2.04.

"Interest Payment Date" means (a) with respect to any ABR Loan, the last day of each March, June, September and December and (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period.

"Interest Period" means with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, three or six months thereafter, as the Borrowers may elect; provided, that (a) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day; (b) any Interest Period pertaining to a Eurodollar Borrowing that commences on the last Business Day of a calendar

month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period; (c) no Interest Period for a Borrowing may end after the Maturity Date; and (d) the last Interest Period may be such shorter period as to end on the Maturity Date. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"Investment" means, for any Person: (a) the acquisition (whether for cash, Property, services, securities or otherwise) of Equity Interests of any other Person or any agreement to make any such acquisition (including, without limitation, any "short sale" or any sale of any securities at a time when such securities are not owned by the Person entering into such short sale); (b) the making of any capital contribution to, purchase or other acquisition of any equity participation or interest in, any other Person (including the purchase of Property from another Person subject to an understanding or agreement, contingent or otherwise, to resell such Property to such Person, but excluding the purchase price of inventory or supplies sold by such Person in the ordinary course of business); or (c) the purchase or acquisition (in one or a series of transactions) of Property of another Person that constitutes a business unit.

"Investment Accounts" means all demand, time, savings, passbook or similar accounts that are primarily used for investment purposes and not for routine collection or disbursement of funds in the ordinary course of the Borrowers' or the Parent Guarantor's business.

"Issuing Lender" means Wells Fargo Bank, N.A., in its capacity as the issuer of Letters of Credit hereunder, and its successors in such capacity as provided in Section 2.08(i).

"LC Commitment" at any time means twenty five million dollars ($25,000,000).

"LC Disbursement" means a payment made by the Issuing Lender pursuant to a Letter of Credit.

"LC Exposure" means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (b) the aggregate amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Borrowers at such time. The LC Exposure of any Lender at any time shall be its Applicable Percentage of the total LC Exposure at such time.

"Lenders" means the Persons listed on Annex I and any other Person that shall have become a party hereto pursuant to an Assignment, other than any such Person that ceases to be a party hereto pursuant to an Assignment. Unless the context otherwise requires, the term "Lenders" includes the Swing Line Lender.

"Letter of Credit" means any letter of credit issued pursuant to this Agreement.

"Letter of Credit Agreements" means all letter of credit applications and other agreements (including any amendments, modifications or supplements thereto) submitted by the Borrowers, or entered into by the Borrowers, with the Issuing Lender relating to any Letter of Credit.

"Leverage Ratio" means the ratio of Funded Net Debt to Pro Forma EBITDA.

"LIBO Rate" means, for the Interest Period with respect to any Eurodollar Borrowing, the interest rate per annum (rounded upward to the nearest whole multiple of 1/100 of 1%) equal to (a) the applicable London interbank offered rate for dollar deposits for such Eurodollar Borrowing appearing on the applicable Telerate British Bankers Association Interest Settlement Rate page as of 11:00 a.m. (London,

England time) two Business Days prior to the first day of such Interest Period, and having a maturity equal to such Interest Period, (b) if the rate as determined under clause (a) is not available at such time for any reason, the London interbank offered rate for dollar deposits appearing on Reuters Screen FRBD as of 11:00 a.m. (London, England time) two Business Days prior to the first day of such Interest Period, and having a maturity equal to such Interest Period, and (c) if the rate as determined under clause (a) or clause (b) is not available at such time for any reason, then the rate determined by the Administrative Agent to be the rate at which dollar deposits for delivery on the first day of such Interest Period in immediately available funds in the approximate amount of the Eurodollar Borrowing being made, continued or converted by the Administrative Agent and with a term equivalent to such Interest Period would be offered by the Administrative Agent's London Branch (or other branch or Affiliate of the Administrative Agent) to major banks in the London or other offshore interbank market for such currency at their request at approximately 11:00 a.m. (London time) two Business Days prior to the commencement of such Interest Period.

"Lien" means any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of the Property, whether such interest is based on the common law, statute or contract, and whether such obligation or claim is fixed or contingent, and including but not limited to the lien or security interest arising from a mortgage, encumbrance, pledge, security agreement, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term "Lien" shall include easements, restrictions, servitudes, permits, conditions, covenants, exceptions or reservations relating to real Property. For the purposes of this Agreement, the Parent Guarantor and its Subsidiaries shall be deemed to be the owner of any Property which they have acquired or hold subject to a conditional sale agreement, or leases under a financing lease or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person in a transaction intended to create a financing.

"Loan Documents" means this Agreement, the Notes, Fee Letter, the Letter of Credit Agreements, the Letters of Credit, Swap Agreements and the Security Instruments.

"Loan Parties" means the Borrowers and the Guarantors.

"Loans" means the loans made by the Lenders to the Borrowers pursuant to this Agreement.

"Material Adverse Effect" means a material adverse change in, or material adverse effect on (a) the business, Properties, condition (financial or otherwise) or results of operations of the Parent Guarantor and its Subsidiaries taken as a whole, (b) the ability of the Borrowers and the Guarantors, taken as a whole, to perform any of their payment or other material obligations under the Loan Documents, (c) the validity or enforceability of any Loan Document or (d) the ability of the Administrative Agent, the Issuing Lender or any Lender to enforce any of their respective material rights under the Loan Documents.

"Material Indebtedness" means Funded Debt (other than the Loans and Letters of Credit), or obligations in respect of one or more Swap Agreements, of any one or more of the Borrowers and the Guarantors in an aggregate principal amount exceeding $25,000,000. For purposes of determining Material Indebtedness, the "principal amount" of the obligations of the Borrowers or any Guarantor in respect of any Swap Agreement at any time shall be the Swap Termination Value.

"Maturity Date" means the earlier to occur of (a) November 2, 2016 or (b) the date that the Commitments are sooner terminated pursuant to Section 2.06(b) or Section 10.02; provided, that if the 2014 Senior Unsecured Notes remain outstanding on June 1, 2014, clause (a) of the definition of "Maturity Date" shall mean June 1, 2014.

"Multiemployer Plan" means a multiemployer plan as defined in section 3(37) or 4001(a)(3) of ERISA.

"Net Income" means, with respect to any Person, the net income (or loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however, (a) any gain (but not loss), together with any related provision for taxes on such gain (but not loss), realized in connection with (i) any asset sale (including, without limitation, dispositions pursuant to sale-and-leaseback transactions) or (ii) the disposition of any securities by such Person or any of its Guarantor Subsidiaries or the extinguishment of any Debt of such Person or any of its Guarantor Subsidiaries and (b) any extraordinary or nonrecurring gain (but not loss), together with any related provision for taxes on such extraordinary or nonrecurring gain (but not loss).

"Notes" means the promissory notes of the Borrowers described in Section 2.03(c) and being substantially in the form of Exhibit A-1 together with any and all supplements, restatements, renewals, refinances, modifications, amendments, extensions for any period, increases and/or rearrangements thereof including any Swing Line Notes substantially in the form of Exhibit A-2 hereto.

"Organizational Documents" shall mean, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

"Other Connection Taxes" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

"Participant" has the meaning assigned such term in Section 12.04(c)(i).

"Participant Register" has the meaning specified in Section 12.04(f).

"PBGC" means the Pension Benefit Guaranty Corporation, or any successor thereto.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any employee pension benefit plan, as defined in section 3(2) of ERISA (other than a Multiemployer Plan), which (a) is currently or hereafter sponsored, maintained or contributed to by the Parent Guarantor, a Borrower, a Subsidiary or an ERISA Affiliate or (b) was at any time during the six calendar years preceding the date hereof, sponsored, maintained or contributed to by the Parent Guarantor, a Borrower or a Subsidiary or an ERISA Affiliate.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by Wells Fargo as its prime rate in effect at its principal office in San Francisco; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Pro Forma EBITDA" shall be calculated for all periods as defined in EBITDA except that, with respect to the Leverage Ratio and Senior Secured Leverage Ratio only, as of any date of calculation:

(a) with respect to assets acquired by a Subsidiary after December 31, 2010, whether by out-right purchase thereof or by virtue of a merger of a company that is not a Subsidiary into a Subsidiary or acquisition by a Subsidiary of any other company that is not a Subsidiary (which acquisitions or mergers are not otherwise prohibited by this Agreement), for the first year after the applicable transaction, EBITDA shall be calculated for the preceding twelve (12) months on a pro forma basis to include both (A) EBITDA with respect to the newly acquired assets for the period of time owned by the applicable Subsidiary, and (B) EBITDA with respect to such newly acquired assets, prior to the applicable Subsidiary's acquisition thereof, for the period of time beginning with the day after the preceding year anniversary of the applicable date of calculation and ending on the day preceding the date that the applicable Subsidiary acquired such newly acquired assets (whether by acquisition or merger),

(b) with respect to any newly constructed vessel of a Subsidiary (whether constructed directly for a Subsidiary or constructed for a third party and acquired by a Subsidiary within twelve (12) months after its delivery) having received a QSC during the first year following the delivery and acceptance of the vessel by a Subsidiary (as to vessels delivered by a shipyard to that Subsidiary upon its construction) or during the first year following the acquisition by a Subsidiary (as to vessels constructed for third parties and acquired by a Subsidiary within twelve (12) months after its delivery), for the first year after delivery or acquisition of the vessel, as the case may be, the EBITDA shall be calculated on a pro forma basis to include Qualified Services Contract EBITDA and, subject to the second sentence of the final paragraph of this definition, EBITDA for the period from the end of the term of such QSC to the date that is twelve (12) months after the vessel's delivery, and

(c) in connection with TTB Sales aggregating five or more of the double-hulled tank barges, for the first year after such sale aggregating five or more of the double-hulled tank barges, EBITDA shall be adjusted for the preceding twelve (12) months on a pro forma basis for any tank barge disposed of in such sale(s) in a manner acceptable to the Administrative Agent.

Pro forma calculations shall be demonstrated to the reasonable satisfaction of the Administrative Agent. To the extent that trailing actual EBITDA is not available for a newly acquired asset or when determining EBITDA for the post-QSC period for a newly constructed asset, the pro forma calculation for such asset will be based on other reference data provided by the chief financial officer of the Parent Guarantor acting in good faith to the reasonable satisfaction of the Administrative Agent. All references to "Subsidiary" in this definition may apply equally to the Borrower(s), the Guarantor Subsidiaries or newly created Subsidiaries.

"Property" means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, including, without limitation, cash, securities, accounts and contract rights.

"Qualified Services Contract" or "QSC" means, with respect to any newly constructed, substantially converted or substantially reconstructed offshore supply vessel, offshore service vessel (including, without limitation, any crew boat, fast supply vessel, multi-purpose supply vessel (MPSV) and anchor-handling towing supply (AHTS) vessel), tug, double-hulled tank barge and double-hulled tanker or other complementary offshore marine vessel delivered to the Parent Guarantor or any of its Subsidiaries, or any such newly constructed, substantially converted or substantially reconstructed vessel constructed for a third party and then acquired by the Parent Guarantor or any of its Subsidiaries within 365 days of such vessel's original delivery date, a contract that the chief financial officer of the Parent Guarantor acting in good faith, designates as a "Qualified Services Contract", which contract:

(a) is between the Parent Guarantor or one of its Subsidiaries, on the one hand, and (i) a Person that satisfies the Parent Guarantor and/or its Subsidiaries' internally approved credit criteria or (ii) any other Person provided such contract is supported by letters of credit, performance bonds or guarantees from a Person that has an investment grade rating, or such contract provides for a lockbox or similar arrangements or direct payment to the Parent Guarantor or a Subsidiary by a Person with such an investment grade rating, for the full amount of the contracted payments due over the four-quarter reference period considered in calculating Pro Forma EBITDA for the maximum Senior Secured Leverage Ratio permitted under Section 9.01(b) or Leverage Ratio permitted under Section 9.01(d), as applicable (or such portion thereof as Parent Guarantor shall be relying on for purposes of the calculation of Pro Forma EBITDA);

(b) provides for services to be performed by the Parent Guarantor or one of its Subsidiaries involving the use of such vessel or a charter (bareboat or otherwise) of such vessel by the Parent Guarantor or one of its Subsidiaries, in either case for a minimum period of at least 30 days; and

(c) provides for a fixed or minimum day rate or fixed or minimum volume or freight rates (including, if applicable, lay time and demurrage) for such vessel.

Should the Borrowers desire to rely on a Qualified Services Contract for purposes of complying with the maximum Senior Secured Leverage Ratio permitted under Section 9.01(b) or Leverage Ratio permitted under Section 9.01(d), as applicable, the Borrowers shall provide to the Administrative Agent a certified abstract of each such Qualified Services Contract in a form reasonably acceptable to the Administrative Agent and, upon request by the Administrative Agent, a certified copy of such contract.

"Qualified Services Contract EBITDA" shall mean, as to an applicable vessel of a Subsidiary with a Qualified Services Contract, EBITDA attributable to such vessel under such Qualified Services Contract calculated in good faith by the chief financial officer of the Parent Guarantor and shall include in the calculation the revenues earned or (for pro forma calculation purposes) to be earned pursuant to the Qualified Services Contract relating to such vessel and the estimated expenses related thereto. Such estimated expenses shall be based on the expenses of the most nearly comparable vessel in the Subsidiary's fleet or the Parent Guarantor's other Subsidiaries' fleets or, if no such comparable vessel exists, then on the industry average for expenses of comparable vessels; *provided*, that in determining the estimated expenses attributable to such new vessel, the calculation shall give effect to the interest expense attributable to the incurrence, assumption or guarantee of any Debt relating to the construction or acquisition of such new vessel for the period starting with the beginning of the four quarter period referred to in the definition of "EBITDA" for which the calculation of Qualified Services Contract

EBITDA is being made and ending with the delivery or acquisition of the vessel. Furthermore, (A) the pro forma calculation of Qualified Services Contract EBITDA attributable to such vessel for the four quarter reference period shall be reduced by (i) the actual EBITDA earned under the Qualified Services Contract accounted for in the actual results for the reference period and (ii) any EBITDA resulting from spot market or other activities prior to the commencement of the Qualified Services Contract and accounted for in the actual results for the reference period, and (B) if the contracted day rate for such vessel is reduced at any time prior to one year from the commencement of service under such contract, then the Qualified Services Contract EBITDA shall be adjusted to give effect to the commencement date of the reduced day rate.

"Recipient" means (a) the Administrative Agent, (b) any Lender and (c) any Issuing Lender, as applicable.

"Redemption" means with respect to any Debt, the repurchase, redemption, prepayment, repayment, or defeasance or any other acquisition or retirement for value (or the segregation of funds with respect to any of the foregoing) of such Debt. "Redeem" has the correlative meaning thereto.

"Register" has the meaning assigned such term in Section 12.04(b).

"Regulation D" means Regulation D of the Board, as the same may be amended, supplemented or replaced from time to time.

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors (including attorneys, accountants and experts) of such Person and such Person's Affiliates.

"Repayment Date" has the meaning assigned such term in Section 2.09(b).

"Replacement Indentures" has the meaning assigned such term in Section 9.02.

"Request for Advance" has the meaning assigned such term in Section 2.09(c)(i).

"Required Lenders" means, at any time while no Loans or LC Exposure is outstanding, Lenders having more than fifty percent (50%) of the total Commitments; and at any time while any Loans or LC Exposure is outstanding, Lenders holding more than fifty percent (50%) of the outstanding aggregate principal amount of the Loans and LC Exposure (without regard to any sale by a Lender of a participation in any Loan under Section 12.04(c)). The Commitment, Loans and LC Exposure of any Defaulting Lender shall be disregarded in determining Required Lenders at any time

"Responsible Officer" means, as to any Person, the chief executive officer, the president, the chief financial officer, the principal accounting officer, the treasurer or the controller of such Person. Unless otherwise specified, all references to a Responsible Officer herein shall mean a Responsible Officer of the Parent Guarantor.

"Restricted Payment" means any dividend or other distribution (whether in cash, securities or other Property) with respect to any Equity Interests in the Parent Guarantor, either Borrower, or any of its or their Subsidiaries, or any payment (whether in cash, securities or other Property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interests in the Parent Guarantor, either Borrower, or any of its or their Subsidiaries or any option, warrant or other right to acquire any such Equity Interests in the Parent Guarantor, either Borrower, or any of its or their Subsidiaries. For the avoidance of doubt, a net exercise

of options or restricted stock unit awards with the payment of any exercise price or the settlement of any taxes with respect thereto being accomplished by surrendering the right to certain shares shall not under any circumstances be considered to be a Restricted Payment.

"SEC" means the Securities and Exchange Commission or any successor Governmental Authority.

"Security Instruments" means the Guaranty and Collateral Agreement, each Fleet Mortgage and any and all other agreements now or hereafter executed and delivered by the Parent Guarantor, the Borrowers or any other Person as security for the payment or performance of the Indebtedness, as such agreements securing the Indebtedness may be amended, modified, supplemented or restated from time to time.

"Senior Secured Debt" means secured Funded Debt.

"Senior Secured Leverage Ratio" means the ratio of Senior Secured Debt to Pro Forma EBITDA for the four fiscal quarters ending on the last day of the preceding fiscal quarter for which financial statements of the Parent Guarantor have been delivered pursuant to Sections 8.01(a) and (c).

"Stated Maturity" means, with respect to any mandatory sinking fund or other installment of interest or principal on any series of Debt, the date on which such payment of interest or principal was scheduled to be paid in the original documentation governing such Debt, and shall not include any contingent obligations to repay, Redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof, but shall include any rights of the holders to require the obligor to repurchase such Debt at any particular date.

"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Administrative Agent is subject with respect to the Adjusted LIBO Rate, for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Stockholders' Equity" means, as of the last day of any fiscal quarter, consolidated stockholders' equity of the Parent Guarantor and its Consolidated Subsidiaries as of that date determined in accordance with GAAP."

"Subsidiary" means any Person of which at least a majority of the outstanding Equity Interests having by the terms thereof ordinary voting power to elect a majority of the board of directors, manager or other governing body of such Person (irrespective of whether or not at the time Equity Interests of any other class or classes of such Person shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by the Parent Guarantor or one or more of its Subsidiaries or by the Parent Guarantor and one or more of its Subsidiaries. Unless otherwise indicated herein, each reference to the term "Subsidiary" shall mean a Subsidiary of the Parent Guarantor.

"Surveyor" means Dufour, Laskay & Strouse, for so long as it is on the Administrative Agent's approved list of surveyors and thereafter any such surveyor as may be selected pursuant to Section 8.18 provided that following an Event of Default the Administrative Agent may use such Surveyor or any other marine surveyor acceptable to the Administrative Agent for purposes of appraising the Vessels.

"Swap Agreement" means any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement, whether exchange traded, "over-the-counter" or otherwise, involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions.

"Swap Termination Value" means, in respect of any one or more Swap Agreements, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Agreements, (a) for any date on or after the date such Swap Agreements have been closed out and termination value(s) determined in accordance therewith, such termination value(s) and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Agreements, as determined by the counterparties to such Swap Agreements.

"Swing Line Lender" means Wells Fargo Bank, N.A. in its capacity as provider of Swing Line Loans, or any successor swing line lender hereunder.

"Swing Line Loan" has the meaning assigned such term in Section 2.09(a).

"Swing Line Loan Notice" means a notice of a borrowing of a Swing Line Loan pursuant to Section 2.09(b), which, if in writing, shall be substantially in the form of Exhibit B-1.

"Swing Line Note" has the meaning assigned such term in Section 2.03(c).

"Swing Line Sublimit" means an amount equal to the lesser of (a) $10,000,000 and (b) the aggregate of the Commitments of all Lenders. The Swing Line Sublimit is part of, and not in addition to, the Commitments.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Total Debt" means with respect to the Parent Guarantor (on a consolidated basis with its Consolidated Subsidiaries), as of the last day of any fiscal quarter, without duplication, (a) all indebtedness for money borrowed, (b) the present value of all obligations for the payment of rent or hire of Property of any kind (real or personal) under leases or lease agreements required to be capitalized under generally accepted accounting principles, (c) guaranties of the obligations of any other Person, whether direct or indirect, whether by agreement to purchase the indebtedness of any other Person or by agreement for the furnishing of funds to any other Person through the purchase or lease of goods, supplies or services (or by way of stock purchase, capital contribution, advance or loan) for the purpose of paying or discharging the indebtedness of any other Person, or otherwise and (d) any other obligations as are or should be shown as debt on a consolidated balance sheet in accordance with GAAP.

"Total Debt to Capitalization Ratio" means the ratio of (i) Total Debt to (ii) the sum of Total Debt plus Stockholders' Equity.

"Transactions" means, with respect to (a) the Borrowers, the execution, delivery and performance by the Borrowers of this Agreement, and each other Loan Document to which either is a party, the borrowing of Loans, the use of the proceeds thereof and the issuance of Letters of Credit hereunder, and the granting of Liens by the Borrowers on Vessel Collateral pursuant to the Security Instruments and (b) each Guarantor, the execution, delivery and performance by such Guarantor of each Loan Document to which it is a party, the guaranteeing of the Indebtedness and the other obligations under the Guaranty and Collateral Agreement by such Guarantor.

"TTB Sale" means a disposition of all or any portion of the tug, tank and barge business segment of the Parent Guarantor and its Subsidiaries, whether through a sale of assets or the shares of the equity securities of any Subsidiary of the Parent Guarantor.

"Type", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing is determined by reference to the Alternate Base Rate or the Adjusted LIBO Rate.

"U.S. Person" means any Person that is a "United States Person" as defined in Section 7701(a)(30) of the Code.

"U.S. Tax Compliance Certificate" has the meaning assigned to such term in Section 5.03(g).

"Vessel Collateral" has the meaning assigned such term in Section 8.15(a).

"Vessels" means, collectively, any vessels subject to Liens in favor of the Administrative Agent, for the benefit of the Lenders, securing obligations of the Loan Parties under the Loan Documents and guaranties thereof, and "Vessel" shall mean any of such Vessels.

"Voting Stock" of any Person as of any date means the Equity Interest of such Person that is at the time entitled to vote in the election of the board of directors, managers or trustees of such Person.

"Wholly-Owned Subsidiary" means any Subsidiary of which all of the outstanding Equity Interests (other than any directors' qualifying shares mandated by applicable law), on a fully diluted basis, are owned by the Parent Guarantor or one or more of the Wholly Owned Subsidiaries of the Parent Guarantor or are owned by the Parent Guarantor and one or more of the Wholly Owned Subsidiaries of the Parent Guarantor.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Title IV of ERISA.

"Withholding Agent" means each Borrower and the Administrative Agent.

Section 1.03 Types of Loans and Borrowings. For purposes of this Agreement, Loans and Borrowings, respectively, may be classified and referred to by Type (e.g., a "Eurodollar Loan" or a "Eurodollar Borrowing").

Section 1.04 Terms Generally; Rules of Construction. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". The phrase "fair market value" when used in reference to any vessels will be the value of such vessels as set forth in the

most recent Appraisal. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time supplemented, restated, renewed, refinanced, modified, amended, extended for any period, increased and/or otherwise rearranged (subject to any restrictions on such supplements, restatements, renewals, refinances, modifications, amendments, extensions, increases and/or rearrangements as set forth in the Loan Documents), (b) any reference herein to any law shall be construed as referring to such law as amended, modified, codified or reenacted, in whole or in part, and in effect from time to time, (c) any reference herein to any Person shall be construed to include such Person's successors and assigns (subject to the restrictions contained in the Loan Documents), (d) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (e) with respect to the determination of any time period, the word "from" means "from and including" and the word "to" means "to and including" and (f) any reference herein to Articles, Sections, Annexes, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Annexes, Exhibits and Schedules to, this Agreement. No provision of this Agreement or any other Loan Document shall be interpreted or construed against any Person solely because such Person or its legal representative drafted such provision.

Section 1.05 Accounting Terms and Determinations; GAAP. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all determinations with respect to accounting matters hereunder shall be made, and all financial statements and certificates and reports as to financial matters required to be furnished to the Administrative Agent or the Lenders hereunder shall be prepared, in accordance with GAAP, as in effect from time to time; *provided* that, if the Borrowers notify the Administrative Agent that the Borrowers request an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrowers that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE II
The Credits

Section 2.01 Commitments. Subject to the terms and conditions set forth herein, each Lender agrees to make Loans to the Borrowers during the Availability Period in an aggregate principal amount that will not result in (a) such Lender's Credit Exposure exceeding such Lender's Commitment or (b) the total Credit Exposures exceeding the total Commitments. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrowers may borrow, repay and reborrow the Loans. On the Effective Date:

(i) the Borrowers shall pay all accrued and unpaid commitment fees, break funding fees, and all other fees that are outstanding under the Existing Credit Agreement for the account of each "Lender" under the Existing Credit Agreement;

(ii) each "ABR Loan" and "Eurodollar Loan" outstanding under the Existing Credit Agreement shall be deemed to be repaid with the proceeds of a new ABR Loan or Eurodollar Loan, as applicable, under this Agreement;

(iii) each Letter of Credit issued and outstanding under the Existing Credit Agreement shall be deemed issued under this Agreement without the payment of additional fees; and

(iv) the Existing Credit Agreement shall be superseded by this Agreement and the commitments thereunder shall terminate and be reallocated hereunder as outlined on Annex I hereto.

It is the intent of the parties hereto that this Agreement not constitute a novation of the obligations and liabilities existing under the Existing Credit Agreement or evidence repayment of any such obligations and liabilities and that this Agreement amend and restate in its entirety the Existing Credit Agreement and re-evidence the obligations of the Borrowers outstanding thereunder. The amount of the Commitments on the Effective Date is $300,000,000; provided that the Borrowers may not borrow more than $250,000,000 until the Administrative Agent shall have received (i) a new Appraisal covering additional Vessels identified as such on Schedule 8.16 and (ii) sufficient evidence that Fleet Mortgages covering such additional Vessels have been filed in the appropriate office and create a perfected first-priority lien in favor of the Administrative Agent such that the aggregate fair market value of all Vessel Collateral subject to such a lien is at least $600,000,000.

Section 2.02 Reserved.

Section 2.03 Borrowings; Several Obligations. Each Loan made shall be made as part of a Borrowing consisting of Loans made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; *provided* that the Commitments are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(a) Types of Loans. Subject to Section 3.03, each Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans as the Borrowers may request in accordance herewith. Each Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; *provided* that any exercise of such option shall not affect the obligation of the Borrowers to repay such Loan in accordance with the terms of this Agreement.

(b) Minimum Amounts; Limitation on Number of Borrowings. At the commencement of each Interest Period for any Eurodollar Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of $500,000 and not less than $1,000,000. At the time that each ABR Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of $100,000 and not less than $300,000; *provided* that an ABR Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Commitments or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.08(e). Borrowings of more than one Type may be outstanding at the same time, *provided* that there shall not at any time be more than a total of seven (7) Eurodollar Borrowings outstanding.

(c) Notes. Any Lender may request that the Loans made by it be evidenced by a promissory note. In such event, the Borrowers shall prepare, execute and deliver to such Lender a promissory note payable to such Lender, substantially in the form of Exhibit A-1, as applicable, dated (i) the Effective Date or (ii) the effective date of an Assignment pursuant to Section 12.04(b), in a principal amount equal to its Commitment as originally in effect and otherwise duly completed and such substitute Notes as required by Section 12.04(b); *provided* that promissory notes requested in amounts less than $1,000,000 shall require the consent of the Borrowers, such consent not to be unreasonably withheld or delayed. The Swing Line Lender may request that the Swing Line Loans be evidenced by a note (a "Swing Line Note"). In such event, the Borrowers shall prepare, execute and deliver to the Swing Line Lender a promissory note payable to the Swing Line Lender, substantially in the form of Exhibit A- 2.

The date, amount, Type, interest rate and Interest Period of each Loan or Swing Line Loan made by each Lender or Swing Line Lender, as applicable, and all payments made on account of the principal thereof, shall be recorded by such Lender on its books and maintained in accordance with its usual practice. Failure to make such recordation shall not affect any Lender's, Swing Line Lender's or any Borrowers' rights or obligations in respect of such Loans or Swing Line Loans.

(d) Requests for Borrowings. To request a Borrowing, the Borrowers shall notify the Administrative Agent of such request by telephone (a) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., Houston, Texas time, three Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 11:00 a.m., Houston, Texas time, one Business Day before the date of the proposed Borrowing; *provided* that no such notice shall be required for any deemed request of an ABR Borrowing to finance the reimbursement of an LC Disbursement as provided in Section 2.08(e). Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Borrowing Request in substantially the form of Exhibit B-2 and signed by the Borrowers. Each such telephonic and written Borrowing Request shall specify the following information:

(i) the aggregate amount of the requested Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing;

(iv) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and

(v) the location and number of the Borrowers' account to which funds are to be disbursed.

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Borrowing, then the Borrowers shall be deemed to have selected an Interest Period of one month's duration. Each Borrowing Request shall constitute a representation to the Administrative Agent that the amount of the requested Borrowing shall not cause the total Credit Exposures to exceed the total Commitments.

Promptly following receipt of a Borrowing Request in accordance with this Section 2.03, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

Section 2.04 Interest Elections.

(a) Conversion and Continuance. Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrowers may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, all as provided in this Section 2.04. The Borrowers may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) Interest Election Requests. To make an election pursuant to this Section 2.04, the Borrowers shall notify the Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.03 if the Borrowers were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request in substantially the form of Exhibit C and signed by the Borrowers.

(c) Information in Interest Election Requests. Each telephonic and written Interest Election Request shall specify the following information:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to Section 2.04(c)(iii) and (iv) shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

(d) If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Borrowers shall be deemed to have selected an Interest Period of one month's duration.

(e) Notice to Lenders by the Administrative Agent. Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(f) Effect of Failure to Deliver Timely Interest Election Request and Events of Default. If the Borrowers fail to deliver a timely Interest Election Request with respect to a Eurodollar Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default

has occurred and is continuing: (i) no outstanding Borrowing may be converted to or continued as a Eurodollar Borrowing (and any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurodollar Borrowing shall be ineffective) and (ii) unless repaid, each Eurodollar Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

Section 2.05 Funding of Borrowings.

(a) Funding by Lenders. Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 1:00 p.m., Houston, Texas time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders. The Administrative Agent will make such Loans available to the Borrowers by promptly crediting the amounts so received, in like funds, to an account of the Borrowers maintained with the Administrative Agent in Houston, Texas and designated by the Borrowers in the applicable Borrowing Request; *provided* that ABR Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.08(e) shall be remitted by the Administrative Agent to the Issuing Lender. Nothing herein shall be deemed to obligate any Lender to obtain the funds for its Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for its Loan in any particular place or manner.

(b) Presumption of Funding by the Lenders. Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's Applicable Percentage of such Borrowing, the Administrative Agent may assume that such Lender has made such Applicable Percentage available on such date in accordance with Section 2.05(a) and may, in reliance upon such assumption, make available to the Borrowers a corresponding amount. In such event, if such Lender has not in fact made its Applicable Percentage of the applicable Borrowing available to Administrative Agent, then the applicable Lender and the Borrowers severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrowers to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, at a rate per annum equal to the Federal Funds Effective Rate for the first three (3) Business Days after the date such payment is required, and thereafter at the rate then applicable to Borrowers or (ii) in the case of the Borrowers, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

Section 2.06 Termination and Reduction of Commitments.

(a) Scheduled Termination of Commitments. Unless previously terminated, the Commitments shall terminate on the Maturity Date.

(b) Optional Termination and Reduction of Commitments.

(i) The Borrowers may at any time terminate, or from time to time reduce, the Commitments; *provided* that (A) each reduction of the Commitments shall be in an amount that is an integral multiple of $100,000 and not less than $1,000,000 and (B) the Borrowers shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 3.04(c), the total Credit Exposures would exceed the total Commitments.

(ii) The Borrowers shall notify the Administrative Agent of any election to terminate or reduce the Commitments under Section 2.06(b)(i) at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrowers pursuant to this Section 2.06(b)(ii) shall be irrevocable; *provided* that a notice of termination of the Commitments delivered by the Borrowers may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrowers (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent and may not be reinstated. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with each Lender's Applicable Percentage; provided that if any Lender is a Defaulting Lender at such time as the Borrowers elect to terminate or reduce the Commitments hereunder, the Borrowers may (in their discretion) apply all or any portion of the Commitments to be reduced, to the Commitment of any one or more Defaulting Lenders specified by the Borrowers before applying any remaining reduction to all Lenders.

(c) Mandatory Reduction of Commitments. In the event that the fair market value of the total Vessel Collateral at any time, based on the most recent Appraisal, is not greater than or equal to two hundred percent (200%) of the Commitments from time to time in effect as required by Section 8.16, and the failure to meet such requirement is not remedied by the taking of any such action provided therein or within sixty (60) days in any event, then the Commitments shall be reduced to such amount as will permit the Borrowers to comply with Section 8.16.

Section 2.07 Reserved.

Section 2.08 Letters of Credit.

(a) General. Subject to the terms and conditions set forth herein, the Borrowers may request, and the Issuing Lender shall cause, the issuance of dollar denominated Letters of Credit for either Borrower's own account or for the account of any of the Subsidiaries, in a form reasonably acceptable to the Administrative Agent and the Issuing Lender, at any time and from time to time during the Availability Period. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrowers to, or entered into by the Borrowers with, the Issuing Lender relating to any Letter of Credit, the terms and conditions of this Agreement shall control.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Borrowers shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the Issuing Lender) to the Issuing Lender and the Administrative Agent (not less than five (5) Business Days in advance of the requested date of issuance, amendment, renewal or extension) a notice:

(i) requesting the issuance of a Letter of Credit or identifying the Letter of Credit to be amended, renewed or extended;

(ii) specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day);

(iii) specifying the date on which such Letter of Credit is to expire (which shall comply with Section 2.08(c));

(iv) specifying the amount of such Letter of Credit; and

(v) specifying the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit.

Each notice shall constitute a representation that after giving effect to the requested issuance, amendment, renewal or extension, as applicable, (A) the LC Exposure shall not exceed the LC Commitment and (B) the total Credit Exposures shall not exceed the total Commitments.

If requested by the Issuing Lender, the Borrowers also shall submit a letter of credit application on the Issuing Lender's standard form in connection with any request for a Letter of Credit.

(c) Expiration Date. Unless an earlier date is specified in Borrower's request for a Letter of Credit, such Letter of Credit shall expire at or prior to the close of business on the date two years after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension); *provided* that no Letter of Credit may have an expiration date later than the Maturity Date unless such Letter of Credit is cash collateralized to the satisfaction of the Administrative Agent or a backup letter of credit from a financial institution satisfactory to the Administrative Agent is delivered to the Administrative Agent in the name of the Administrative Agent and for the corresponding amount of such unexpired Letter of Credit.

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the Issuing Lender or the Lenders, the Issuing Lender hereby grants to each Lender, and each Lender hereby acquires from the Issuing Lender, a participation in such Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the Issuing Lender, such Lender's Applicable Percentage of each LC Disbursement made by the Issuing Lender and not reimbursed by the Borrowers on the date due as provided in Section 2.08(e), or of any reimbursement payment required to be refunded to the Borrowers for any reason. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this Section 2.08(d) in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If the Issuing Lender shall make any LC Disbursement in respect of a Letter of Credit, the Borrowers shall reimburse such LC Disbursement by paying to the Administrative Agent an amount equal to such LC Disbursement not later than 12:00 noon, Houston, Texas time, on the date that such LC Disbursement is made, if the Borrowers shall have received notice of such LC Disbursement prior to 11:00 a.m., Houston, Texas time, on such date, or, if such notice has not been received by the Borrowers prior to such time on such date, then not later than 12:00 noon, Houston, Texas time, on the Business Day immediately following the day that the Borrowers receive such notice, if such notice is not received prior to such time on the day of receipt; *provided* that if such LC Disbursement is not less than $300,000, the Borrowers shall, subject to the conditions to Borrowing set forth herein, be deemed to have requested, and the Borrowers do hereby request under such circumstances, that such payment be financed with an ABR Borrowing in an equivalent amount and, to

the extent so financed, the Borrowers' obligation to make such payment shall be discharged and replaced by the resulting ABR Borrowing. If the Borrowers fail to make such payment when due, the Administrative Agent shall notify each Lender of the applicable LC Disbursement, the payment then due from the Borrowers in respect thereof and such Lender's Applicable Percentage thereof. Promptly following receipt of such notice, each Lender shall pay to the Administrative Agent its Applicable Percentage of the payment then due from the Borrowers, in the same manner as provided in Section 2.05(a) with respect to Loans made by such Lender (and Section 2.05(a) shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the Issuing Lender the amounts so received by it from the Lenders. Promptly following receipt by the Administrative Agent of any payment from the Borrowers pursuant to this Section 2.08(e), the Administrative Agent shall distribute such payment to the Issuing Lender or, to the extent that Lenders have made payments pursuant to this Section 2.08(e) to reimburse the Issuing Lender, then to such Lenders and the Issuing Lender as their interests may appear. Any payment made by a Lender pursuant to this Section 2.08(e) to reimburse the Issuing Lender for any LC Disbursement (other than the funding of ABR Loans as contemplated above) shall not constitute a Loan and shall not relieve the Borrowers of their obligation to reimburse such LC Disbursement.

(f) Obligations Absolute. The Borrowers' obligation to reimburse LC Disbursements as provided in Section 2.08(e) shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit, any Letter of Credit Agreement or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the Issuing Lender under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit or any Letter of Credit Agreement, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section 2.08(f), constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrowers' obligations hereunder. Neither the Administrative Agent, the Lenders nor the Issuing Lender, nor any of their Related Parties shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Issuing Lender; *provided* that the foregoing shall not be construed to excuse the Issuing Lender from liability to the Borrowers to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrowers to the extent permitted by applicable law) suffered by the Borrowers that are caused by the Issuing Lender's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of the Issuing Lender (as finally determined by a court of competent jurisdiction), the Issuing Lender shall be deemed to have exercised all requisite care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Issuing Lender may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. The Issuing Lender shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The Issuing Lender shall promptly notify the Administrative Agent and the Borrowers by telephone (confirmed by telecopy) of such demand for payment and whether the Issuing Lender has made or will make an LC Disbursement thereunder; *provided* that any failure to give or delay in giving such notice shall not relieve the Borrowers of their obligation to reimburse the Issuing Lender and the Lenders with respect to any such LC Disbursement.

(h) Interim Interest. If the Issuing Lender shall make any LC Disbursement, then, until the Borrowers shall have reimbursed the Issuing Lender for such LC Disbursement (either with its own funds or a Borrowing under Section 2.08(e)), the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the Borrowers reimburse such LC Disbursement, at the rate per annum then applicable to ABR Loans. Interest accrued pursuant to this Section 2.08(h) shall be for the account of the Issuing Lender, except that interest accrued on and after the date of payment by any Lender pursuant to Section 2.08(e) to reimburse the Issuing Lender shall be for the account of such Lender to the extent of such payment.

(i) Replacement of the Issuing Lender. The Issuing Lender may be replaced at any time by written agreement among the Borrowers, the Administrative Agent, the replaced Issuing Lender and the successor Issuing Lender. The Administrative Agent shall notify the Lenders of any such replacement of the Issuing Lender. At the time any such replacement shall become effective, the Borrowers shall pay all unpaid fees accrued for the account of the replaced Issuing Lender pursuant to Section 3.05(b). From and after the effective date of any such replacement, (i) the successor Issuing Lender shall have all the rights and obligations of the Issuing Lender under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Lender" shall be deemed to refer to such successor or to any previous Issuing Lender, or to such successor and all previous Issuing Lenders, as the context shall require. After the replacement of the Issuing Lender hereunder, the replaced Issuing Lender shall remain a party hereto and shall continue to have all the rights and obligations of the Issuing Lender under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(j) Cash Collateralization. If (i) any Event of Default shall occur and be continuing and the Borrowers receive notice from the Administrative Agent or the Required Lenders demanding the deposit of cash collateral pursuant to this Section 2.08(j), (ii) the Borrowers are required to pay to the Administrative Agent the excess attributable to an LC Exposure in connection with any prepayment pursuant to Section 3.04(c) or (iii) the Borrowers are required to cash collateralize a Defaulting Lender's LC Exposure pursuant to Sections 2.13(a) or (b), then the Borrowers shall deposit, in an account with the Administrative Agent designated for such purpose, in the name of the Administrative Agent and for the benefit of the Lenders, an amount in cash equal to, in the case of an Event of Default, the LC Exposure, in the case of a payment required by Section 3.04(c), the amount of such excess as provided in Section 3.04(c), as of such date plus any accrued and unpaid interest thereon and in the case of a payment required by Sections 2.13(a) or (b), the amount of such Defaulting Lender's LC Exposure; *provided* that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Borrowers or any Guarantor described in Section 10.01(h) or Section 10.01(i). The Borrowers hereby grant to the Administrative Agent, for the benefit of the Issuing Lender and the Lenders, an exclusive first priority and continuing perfected security interest in and Lien on such account and all cash, checks, drafts, certificates and instruments, if any, from time to time deposited or held in such account, all deposits or wire transfers made thereto, any and all investments purchased with funds deposited in such account, all interest, dividends, cash, instruments,

financial assets and other Property from time to time received, receivable or otherwise payable in respect of, or in exchange for, any or all of the foregoing, and all proceeds, products, accessions, rents, profits, income and benefits therefrom, and any substitutions and replacements therefor. The Borrowers' obligation to deposit amounts pursuant to this Section 2.08(j) shall be absolute and unconditional, without regard to whether any beneficiary of any such Letter of Credit has attempted to draw down all or a portion of such amount under the terms of a Letter of Credit, and, to the fullest extent permitted by applicable law, shall not be subject to any defense or be affected by a right of set-off, counterclaim or recoupment which the Borrowers or any of their Subsidiaries may now or hereafter have against any such beneficiary, the Issuing Lender, the Administrative Agent, the Lenders or any other Person for any reason whatsoever. Such deposit of the amount required by this Section 2.08(j) shall be held as collateral securing the payment and performance of the Borrowers' and the Guarantors' obligations under this Agreement and the other Loan Documents. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over the amount deposited as required by this Section 2.08(j). Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Borrowers' risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent, subject to Section 10.02(c), to reimburse the Issuing Lender for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrowers for the LC Exposure at such time or, if the maturity of the Loans has been accelerated, be applied to satisfy other obligations of the Borrowers and the Guarantors under this Agreement or the other Loan Documents. If the Borrowers are required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, and the Borrowers are not otherwise required to pay to the Administrative Agent the excess attributable to an LC Exposure in connection with any prepayment pursuant to Section 3.04(c), then such amount (to the extent not applied as aforesaid) shall be returned to the Borrowers within three (3) Business Days after all Events of Default have been cured or waived.

Section 2.09 Swing Line Loans.

(a) The Swing Line. Subject to the terms and conditions set forth herein, the Swing Line Lender agrees to make loans (each such loan, a "Swing Line Loan") to Borrowers from time to time on any Business Day during the Availability Period in an aggregate amount not to exceed at any time outstanding the amount of the Swing Line Sublimit; *provided*, *however*, that after giving effect to any Swing Line Loan, the sum of (i) the outstanding principal balance of all Loans plus (ii) the LC Exposure shall not exceed the total Commitments; provided further that the Swing Line Lender shall not be required to make a Swing Line Loan to refinance an outstanding Swing Line Loan. Within the foregoing limits, and subject to the other terms and conditions hereof, the Borrowers may borrow under this Section 2.09, prepay under Section 3.04, and reborrow under this Section 2.09. Immediately upon the making of a Swing Line Loan, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Swing Line Lender a risk participation in such Swing Line Loan in an amount equal to the product of such Lender's Applicable Percentage times the amount of such Swing Line Loan.

(b) Borrowing Procedures. Each Swing Line Loan shall be made upon the Borrowers' irrevocable notice to the Swing Line Lender and Administrative Agent (a "Swing Line Loan Notice"), which may be given by telephone. Each such notice must be received by the Swing Line Lender and the Administrative Agent not later than 11:00 a.m. Houston, Texas time on the requested borrowing date, and shall specify (i) the amount to be borrowed and (ii) the requested borrowing date, which shall be a Business Day. The Borrowers shall pay to the Swing Line Lender the aggregate outstanding principal amount of all Swing Line Loans on the last Business Day of each calendar month

(which payment may be made with a Loan as provided in Section 2.09(c)(i) below) (the "Repayment Date"), which Repayment Date shall in no event be later than the Maturity Date. Each such telephonic notice must be confirmed promptly by delivery to the Swing Line Lender and the Administrative Agent of a written Swing Line Loan Notice, appropriately completed and signed by a Responsible Officer. Promptly after receipt by the Swing Line Lender of any telephonic Swing Line Loan Notice, the Swing Line Lender will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has also received such Swing Line Loan Notice and, if not, the Swing Line Lender will notify the Administrative Agent (by telephone or in writing) of the contents thereof. Unless the Swing Line Lender has received notice (by telephone or in writing) from the Administrative Agent (including at the request of any Lender) prior to 11:00 a.m. Houston, Texas time on the date of the proposed Swing Line Loan (A) directing the Swing Line Lender not to make such Swing Line Loan as a result of the limitations set forth in the proviso to the first sentence of Section 2.09(a), or (B) that one or more of the applicable conditions specified in Section 6.01 hereof is not then satisfied, then, subject to the terms and conditions hereof, the Swing Line Lender will, promptly on the borrowing date specified in such Swing Line Loan Notice, make the amount of its Swing Line Loan available to the Borrowers.

(c) Refinancing of Swing Line Loans.

(i) The Swing Line Lender at any time in its sole and absolute discretion may request, on behalf of the Borrowers (which hereby irrevocably authorizes the Swing Line Lender to so request on its behalf), that each Lender make a Loan in an amount equal to such Lender's Applicable Percentage of the amount of the Swing Line Loans then outstanding. Such request shall be made in writing (which written request shall be deemed to be a "Request for Advance" for purposes hereof) and in accordance with the requirements of Section 2.03, without regard to the minimum and multiples specified therein for the principal amount of Loans, but subject to the unutilized portion of the total Commitments and the conditions set forth in Section 6.01. The Swing Line Lender shall furnish the Borrowers with a copy of the applicable Request for Advance promptly after delivering such notice to the Administrative Agent. Each Lender shall make an amount equal to such Lender's Applicable Percentage of the amount specified in such Request for Advance available to the Administrative Agent in immediately available funds for the account of the Swing Line Lender at the Administrative Agent's office not later than 12:00 noon Houston, Texas time on the day specified in such Request for Advance, whereupon subject to Section 2.09(c)(ii), each Lender that so makes funds available shall be deemed to have made a Loan to the Borrowers in such amount. The Administrative Agent shall remit the funds so received to the Swing Line Lender.

(ii) If for any reason any Swing Line Loan cannot be refinanced by such a Loan in accordance with Section 2.09(c)(i), the Request for Advance submitted by the Swing Line Lender as set forth herein shall be deemed to be a request by the Swing Line Lender that each Lender fund its risk participation in the relevant Swing Line Loan and each Lender's payment to the Administrative Agent for the account of the Swing Line Lender pursuant to Section 2.09(c)(i), shall be deemed payment in respect of such participation.

(iii) If any Lender fails to make available to the Administrative Agent for the account of the Swing Line Lender any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.09(c) by the time specified in Section 2.09(c)(i), the Swing Line Lender shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the Swing Line Lender at a rate per annum equal to the Federal Funds Effective Rate for the first three (3) Business Days after the date such payment is required, and thereafter at the rate then applicable to the Borrowers.

A certificate of the Swing Line Lender submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this clause (iii) shall be conclusive absent manifest error.

(iv) Each Lender's obligation to make Loans or to purchase and fund risk participations in Swing Line Loans pursuant to this Section 2.09(c) shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against the Swing Line Lender, the Borrowers or any other Person for any reason whatsoever, (B) the occurrence or continuance of an Event of Default after the funding of a Swing Line Loan, (C) the funding of any Swing Line Loan during the occurrence of an Event of Default if the Swing Line Lender was unaware of such Event of Default or (D) any other occurrence, event or condition, whether or not similar to any of the foregoing.

(d) Repayment of Participations.

(i) At any time after any Lender has purchased and funded a risk participation in a Swing Line Loan, if the Swing Line Lender receives any payment on account of such Swing Line Loan, the Swing Line Lender will distribute to such Lender its Applicable Percentage of such payment (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's risk participation was funded) in the same funds as those received by the Swing Line Lender.

(ii) If any payment received by the Swing Line Lender in respect of principal or interest on any Swing Line Loan is required to be returned by the Swing Line Lender under any circumstance (including pursuant to any settlement entered into by the Swing Line Lender in its discretion), each Lender shall pay to the Swing Line Lender its Applicable Percentage thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned, at a rate per annum equal to the Federal Funds Effective Rate. The Administrative Agent will make such demand upon the request of the Swing Line Lender. The obligations of Lenders under this clause shall survive the payment in full of the Indebtedness and the termination of this Agreement.

(e) Interest for Account of Swing Line Lender. The Swing Line Lender shall be responsible for invoicing the Borrowers for interest on the Swing Line Loans. Until each Lender funds its Loan or risk participation pursuant to Section 2.09 to refinance such Lender's Applicable Percentage of any Swing Line Loan, interest in respect of such Applicable Percentage shall be solely for the account of the Swing Line Lender.

(f) Payments Directly to Swing Line Lender. The Borrowers shall make all payments of principal and interest in respect of the Swing Line Loans directly to the Swing Line Lender.

Section 2.10 Commitment Increase.

(a) Subject to the conditions set forth in Section 2.10(b), the Borrowers may increase the total Commitments then in effect without the prior written consent of the Lenders by increasing the Commitment of a Lender or by causing a Person that at such time is not a Lender to become a Lender (an "Additional Lender").

(b) The increase in the total Commitments shall be subject to the following additional conditions:

(i) such increase shall not exceed $200,000,000 and the total Commitments after such increase shall not exceed the least of (A) $500,000,000, (B) twenty percent (20%) of the Parent Guarantor's Consolidated Net Tangible Assets as of the last day of the fiscal quarter immediately preceding such increase for which the most recent internal financial statements are available, plus $25,000,000, and (C) the amount permitted by the Indentures;

(ii) if the Borrowers elect to increase the total Commitments by increasing the Commitment of a Lender, the Borrowers and such Lender shall execute and deliver to the Administrative Agent a certificate substantially in the form of Exhibit H-1 (a "Commitment Increase Certificate");

(iii) if the Borrowers elect to increase the total Commitments by causing an Additional Lender to become a party to this Agreement, then the Borrowers and such Additional Lender shall execute and deliver to the Administrative Agent a certificate substantially in the form of Exhibit H-2 (an "Additional Lender Certificate"), together with an Administrative Questionnaire and a processing and recordation fee of $3,500, and the Borrowers shall, if requested by the Additional Lender, deliver a Note payable to such Additional Lender in a principal amount equal to its Commitment, and otherwise duly completed; *provided* that such Additional Lender must be reasonably acceptable to the Administrative Agent, the Swing Line Lender and the Issuing Lender;

(iv) no Default shall have occurred and be continuing at the effective date of such increase;

(v) on the effective date of such increase, no Eurodollar Borrowings shall be outstanding or if any Eurodollar Borrowings are outstanding, then the effective date of such increase shall be the last day of the Interest Period in respect of such Eurodollar Borrowings unless the Borrowers pay compensation required by Section 5.02;

(vi) no Lender's Commitment may be increased without the consent of such Lender;

(vii) no increase shall be less than $25,000,000 and shall be in a whole multiple of $5,000,000 in excess thereof;

(viii) the Borrowers shall remain in compliance with Section 8.16 as of such date after giving effect to the Commitment Increase; and

(ix) an Appraisal satisfactory to Administrative Agent shall have been obtained not more than 120 days prior to the effectiveness of such Commitment Increase with respect to those vessels being added as Vessel Collateral and the Administrative Agent shall be satisfied that new or amended security instruments create first priority, perfected Liens on such additional Vessel Collateral subject only to Excepted Liens identified in clause (a) through (c) of Section 9.03.

(c) Subject to acceptance and recording thereof pursuant to Section 2.10(d), from and after the effective date specified in the Commitment Increase Certificate or the Additional Lender Certificate (or if any Eurodollar Borrowings are outstanding, then the last day of the Interest Period in respect of such Eurodollar Borrowings, unless the Borrowers have paid compensation

required by Section 5.02): (A) the amount of the total Commitments shall be increased as set forth therein, and (B) in the case of an Additional Lender Certificate, any Additional Lender party thereto shall become a party to this Agreement and have the rights and obligations of a Lender under this Agreement and the other Loan Documents. In addition, such Lender or such Additional Lender, as applicable, shall purchase a pro rata portion of the outstanding Loans (and participation interests in Letters of Credit) of each of the other Lenders (and such Lenders hereby agree to sell and to take all such further action to effectuate such sale) such that each Lender (including any Additional Lender, if applicable) shall hold its Applicable Percentage of the outstanding Loans (and participation interests) after giving effect to the increase in the total Commitments.

(d) Upon its receipt of a duly completed Commitment Increase Certificate or an Additional Lender Certificate, executed by the Borrowers and the Lender or the Borrowers and the Additional Lender party thereto, as applicable, the processing and recording fee referred to in Section 2.10 (b), the Administrative Questionnaire referred to in Section 2.10(b), if applicable, the written consent which will not be unreasonably withheld of the Administrative Agent, the Swing Line Lender and the Issuing Lender to such increase required by Section 2.10(b) and the Additional Lender, if applicable, and such other certificates, opinions and documents as the Administrative Agent may reasonably request, the Administrative Agent shall accept such Commitment Increase Certificate or Additional Lender Certificate and record the information contained therein in the Register required to be maintained by the Administrative Agent pursuant to Section 12.04(b)(iv). No increase in the total Commitments shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this Section 2.10(d). The Administrative Agent shall promptly provide a copy of the updated Annex I, or a copy of the updated Register, to the Parent Guarantor.

Section 2.11 Joint and Several Liability of the Borrowers.

(a) Each of the Borrowers is accepting joint and several liability hereunder in consideration of the financial accommodation to be provided by the Lenders under this Agreement, for the mutual benefit, directly and indirectly, of each of the Borrowers and in consideration of the undertakings of each of the Borrowers to accept joint and several liability for the obligations of each of them.

(b) Each of the Borrowers jointly and severally hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with the other Borrower with respect to the payment and performance of all of the obligations arising under this Agreement and the other Loan Documents, it being the intention of the parties hereto that all of the obligations hereunder and under the other Loan Documents shall be the joint and several obligations of each of the Borrowers without preferences or distinction between them.

(c) If and to the extent that either of the Borrowers shall fail to make any payment with respect to any of the obligations hereunder as and when due or to perform any of such obligations in accordance with the terms thereof, then in each such event, the other Borrower will make such payment with respect to, or perform, such obligation.

(d) The provisions of this Section 2.11 are made for the benefit of the Lenders and their successors and assigns and may be enforced by them from time to time against either of the Borrowers as often as occasion therefor may arise and without requirement on the part of the Lenders first to marshall any of its claims or to exercise any of its rights against the other Borrower or to exhaust any remedies available to it against the other Borrower or to resort to any other source or means of obtaining payment of any of the obligations hereunder or to elect any other remedy. The provisions of this Section 2.11 shall remain in effect until all the obligations hereunder shall have been paid in full or

otherwise fully satisfied. If at any time, any payment, or any part thereof, made in respect of any of the obligations, is rescinded or must otherwise be restored or returned by the Lenders upon the insolvency, bankruptcy or reorganization of any of the Borrowers, or otherwise, the provisions of this Section 2.11 will forthwith be reinstated and in effect as though such payment had not been made.

(e) Notwithstanding any provision to the contrary contained herein or in any of the other Loan Documents, to the extent the obligations of either Borrower shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable state or federal law relating to fraudulent conveyances or transfers) then the obligations of such Borrower hereunder shall be limited to the maximum amount that is permissible under applicable law (whether federal or state and including, without limitation, Bankruptcy Law).

(f) Each Borrower hereby appoints the other Borrower to act as its agent for all purposes under this Agreement (including, without limitation, with respect to all matters relating to the borrowing, conversion, continuance and repayment of Loans and the applications for the issuance, renewal, extensions or reissuance of a Letter of Credit) and agrees that (i) any notice or communication delivered by the Administrative Agent or a Lender to a Borrower shall be deemed delivered to both Borrowers and (ii) the Administrative Agent and the Lenders may accept, and be permitted to rely on, any notice, document, instrument or agreement executed by one Borrower on behalf of the other Borrower.

Section 2.12 Replacement of Lender. The Borrowers shall be permitted to replace any Lender that (a) requests reimbursement for amounts owing pursuant to Section 5.01 or 5.03, (b) fails to vote in favor of any measure requiring the affirmative vote of one hundred percent (100%) of the Lenders or (c) is a Defaulting Lender, with a replacement financial institution; *provided* that (i) such replacement does not conflict with any Governmental Requirement, (ii) no Event of Default shall have occurred and be continuing at the time of such replacement that has not been waived in accordance with the terms hereof, (iii) prior to any such replacement, such Lender shall have taken no action under Section 5.04 so as to eliminate the continued need for payment of amounts owing pursuant to Section 5.01 or 5.03(a), (iv) the replacement financial institution shall purchase, at par, all Loans and other amounts owing to such replaced Lender on or prior to the date of replacement, (v) the Borrowers shall be liable to such replaced Lender under Section 5.02 if any Eurodollar Loan owing to such replaced Lender shall be purchased other than on the last day of the Interest Period relating thereto, (vi) the replacement financial institution shall be reasonably satisfactory to the Administrative Agent and the Issuing Lender, (vii) the replaced Lender shall be obligated to make such replacement in accordance with the provisions of Section 12.04 (provided that the Borrowers shall be obligated to pay the registration and processing fee referred to therein), (viii) until such time as such replacement shall be consummated, the Borrowers shall pay all additional amounts (if any) required pursuant to Section 5.01 or 5.03(a), as the case may be, and (ix) any such replacement shall not be deemed to be a waiver of any rights that the Borrowers, the Administrative Agent or any other Lender shall have against the replaced Lender.

Section 2.13 Defaulting Lenders.

(a) Defaulting Lender Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law:

(i) Waivers and Amendments. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of Required Lenders.

(ii) Defaulting Lender Waterfall. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article X or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 12.08 shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; *second*, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to any Issuing Lender or Swing Line Lender hereunder; *third*, to cash collateralize the Issuing Lenders' Fronting Exposure with respect to such Defaulting Lender in accordance with Section 2.08(j); *fourth*, as the Borrowers may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *fifth*, if so determined by the Administrative Agent and the Borrowers, to be held in a deposit account and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement and (y) cash collateralize the Issuing Lenders' future Fronting Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement, in accordance with Section 2.08(j); *sixth*, to the payment of any amounts owing to the Lenders, the Issuing Lenders or Swing Line Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender, the Issuing Lenders or Swing Line Lenders against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *seventh*, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrowers as a result of any judgment of a court of competent jurisdiction obtained by the Borrowers against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *eighth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans or LC Disbursements in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made or the related Letters of Credit were issued at a time when the conditions set forth in Section 6.02 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and LC Disbursements owed to, all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or LC Disbursements owed to, such Defaulting Lender until such time as all Loans and funded and unfunded participations in LC Commitments and Swing Line Loans are held by the Lenders pro rata in accordance with the Commitments under the applicable Facility without giving effect to Section 2.13(a)(iv). Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 2.13(a)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees.

(A) No Defaulting Lender shall be entitled to receive any Commitment Fee for any period during which that Lender is a Defaulting Lender (and the Borrowers shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(B) Each Defaulting Lender shall be entitled to receive fees for its participations in Letters of Credit for any period during which that Lender is a Defaulting Lender only to the extent allocable to its Applicable Percentage of the stated amount of Letters of Credit for which it has provided Cash Collateral pursuant to Section 2.08(j).

(C) With respect to any Commitment Fee or Letter of Credit fee not required to be paid to any Defaulting Lender pursuant to clause (A) or (B) above, the Borrowers shall (x) pay to each Non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in LC Disbursements or Swing Line Loans that has been reallocated to such Non-Defaulting Lender pursuant to clause (iv) below, (y) pay to each Issuing Lender and Swing Line Lender, as applicable, the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to such Issuing Lender's or Swing Line Lender's Fronting Exposure to such Defaulting Lender, and (z) not be required to pay the remaining amount of any such fee

(iv) Reallocation of Participations to Reduce Fronting Exposure. All or any part of such Defaulting Lender's participation in LC Disbursements and Swing Line Loans shall be reallocated among the Non-Defaulting Lenders in accordance with their respective Applicable Percentages (calculated without regard to such Defaulting Lender's Commitment) but only to the extent that (x) the conditions set forth in Section 6.02 are satisfied at the time of such reallocation (and, unless the Borrowers shall have otherwise notified the Administrative Agent at such time, the Borrowers shall be deemed to have represented and warranted that such conditions are satisfied at such time), and (y) such reallocation does not cause the aggregate Credit Exposure of any Non-Defaulting Lender to exceed such Non-Defaulting Lender's Commitment. No reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation

(v) Cash Collateral, Repayment of Swing Line Loans. If the reallocation described in clause (iv) above cannot, or can only partially, be effected, the Borrowers shall, without prejudice to any right or remedy available to them hereunder or under law, (x) first, prepay Swing Line Loans in an amount equal to the Swing Line Lenders' Fronting Exposure and (y) second, Cash Collateralize the Issuing Lenders' Fronting Exposure in accordance with the procedures set forth in Section 2.08(j).

(b) Defaulting Lender Cure. If the Borrowers, the Administrative Agent and each Swing Line Lender and Issuing Lender agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any cash collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Letters of Credit and Swing Line Loans to be held pro rata by the Lenders in accordance with the Commitments under the applicable Facility (without giving effect to Section 2.13(a)(iv)), whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrowers while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

(c) New Swing Line Loans/Letters of Credit. So long as any Lender is a Defaulting Lender, (i) the Swing Line Lender shall not be required to fund any Swing Line Loans unless it is satisfied that it will have no Fronting Exposure after giving effect to such Swing Line Loan and (ii) no Issuing Lender shall be required to issue, extend, renew or increase any Letter of Credit unless it is satisfied that it will have no Fronting Exposure after giving effect thereto.

ARTICLE III
Payments of Principal and Interest; Prepayments; Fees

Section 3.01 Repayment of Loans.

The Borrowers hereby unconditionally promise to pay to the Administrative Agent, for the account of each Lender, the then unpaid principal amount of each Loan on the Maturity Date. The Borrowers hereby unconditionally promise to pay to the Swing Ling Lender the unpaid principal amount of each Swing Line Loan on the Repayment Date for such Swing Line Loan.

Section 3.02 Interest.

(a) ABR Loans. The Loans comprising each ABR Borrowing (including each Swing Line Loan) shall bear interest at the Alternate Base Rate plus the Applicable Margin, but in no event to exceed the Highest Lawful Rate.

(b) Eurodollar Loans. The Loans comprising each Eurodollar Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin, but in no event to exceed the Highest Lawful Rate.

(c) Post-Default. Notwithstanding the foregoing, if an Event of Default under Sections 10.01(a) or (b) has occurred and is continuing, then all Loans outstanding shall bear interest, after as well as before judgment, at a rate per annum equal to two percent (2%) plus the then applicable rate of interest accruing on the Loans as provided in Sections 3.02(a) and (b), but in no event to exceed the Highest Lawful Rate.

(d) Interest Payment Dates. Accrued interest on each Loan (other than Swing Line Loans) shall be payable in arrears on each Interest Payment Date for such Loan and on the Maturity Date; provided that (i) interest accrued pursuant to Section 3.02(c) shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than an optional prepayment of an ABR Loan prior to the Maturity Date), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment, and (iii) in the event of any conversion of any Eurodollar Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) Interest Rate Computations. All interest hereunder shall be computed on the basis of a year of 360 days, unless such computation would exceed the Highest Lawful Rate, in which case interest shall be computed on the basis of a year of 365 days (or 366 days in a leap year), except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate, Adjusted LIBO Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error, and be binding upon the parties hereto.

Section 3.03 Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate or the LIBO Rate for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate or LIBO Rate, as applicable, for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrowers and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrowers and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurodollar Borrowing shall be ineffective, and (ii) if any Borrowing Request requests a Eurodollar Borrowing, such Borrowing shall be made as an ABR Borrowing.

Section 3.04 Prepayments.

(a) Optional Prepayments. The Borrowers shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to prior notice in accordance with Section 3.04(b).

(b) Notice and Terms of Optional Prepayment. The Borrowers shall notify the Administrative Agent by telephone (confirmed by delivery of a notice of prepayment in the form of Exhibit B-3 hereto ("Notice of Prepayment") executed by a Responsible Officer) of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Borrowing, not later than 12:00 noon, Houston, Texas time, three Business Days before the date of prepayment, or (ii) in the case of prepayment of an ABR Borrowing, not later than 12:00 noon, Houston, Texas time, one Business Day before the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date, the principal amount of each Borrowing or portion thereof to be prepaid and whether the prepayment is to be applied to Swing Line Loans or the other Loans; *provided* that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.06(b), then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.06(b), but the Borrowers shall be responsible for any break funding payments pursuant to Section 5.02. Promptly following receipt of any such notice relating to a Borrowing, the Administrative Agent shall advise the applicable Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of a Borrowing of the same Type as provided in Section 2.03. Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 3.02.

(c) Mandatory Prepayments.

(i) After giving effect to any termination or reduction of the Commitments pursuant to Section 2.06(b) or 2.06(c), the Borrowers shall (A) prepay the Borrowings on the date of such termination or reduction in an aggregate principal amount equal to the difference between the new Commitments and the total Credit Exposure, and (B) if any excess remains after prepaying all of the Borrowings as a result of an LC Exposure, pay to the Administrative Agent on behalf of the Lenders an amount equal to such excess to be held as cash collateral as provided in Section 2.08(j).

(ii) In connection with a Casualty Event, if after such Casualty Event (x) the fair market value of the Vessel Collateral is less than two hundred percent (200%) of the outstanding Credit Exposures of all Lenders and (y) the Borrowers shall not substitute any Vessel Collateral involved in any Casualty Event with one or more Vessels of equivalent or greater comparable value so that the value of the Vessel Collateral is equal to or greater than two hundred percent

(200%) of the outstanding Credit Exposures of all Lenders within sixty (60) days of such Casualty Event, or if prior to the beginning of, or prior to the expiration of, such 60-day period an Event of Default has occurred and is continuing, then the Borrowers shall prepay the Loans with the insurance proceeds from such Casualty Event or in the alternative, the Administrative Agent will apply such insurance proceeds as a mandatory prepayment.

(iii) Each prepayment of Borrowings pursuant to this Section 3.04(c) shall be applied, first, ratably to any ABR Borrowings then outstanding, and, second, to any Eurodollar Borrowings then outstanding, and if more than one Eurodollar Borrowing is then outstanding, to each such Eurodollar Borrowing in order of priority beginning with the Eurodollar Borrowing with the least number of days remaining in the Interest Period applicable thereto and ending with the Eurodollar Borrowing with the most number of days remaining in the Interest Period applicable thereto.

(iv) Each prepayment of Borrowings pursuant to this Section 3.04(c) shall be applied ratably to the Loans included in the prepaid Borrowings. Prepayments pursuant to this Section 3.04(c) shall be accompanied by accrued interest to the extent required by Section 3.02.

(v) Each prepayment of Borrowings pursuant to this Section 3.04(c) shall be accompanied by a Notice of Prepayment executed by a Responsible Officer of the Borrowers detailing the reason for such prepayment as reasonably requested by the Administrative Agent.

(d) No Premium or Penalty. Prepayments permitted or required under this Section 3.04 shall be without premium or penalty, except as required under Section 5.02.

Section 3.05 Fees.

(a) Commitment Fees. The Borrowers agree to pay to the Administrative Agent for the account of each Lender a commitment fee, which shall accrue at the applicable Commitment Fee Rate on the average daily amount of the unused amount of the Commitment of such Lender (after deducting all outstanding Loans and LC Exposure, but excluding Swing Line Loans) during the period from and including the Effective Date to but excluding the Maturity Date. Accrued commitment fees shall be payable in arrears on the last day of March, June, September and December of each year and on the Maturity Date, commencing on the first such date to occur after the date hereof. All commitment fees shall be computed on the basis of a year of 360 days, unless such computation would exceed the Highest Lawful Rate, in which case interest shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) Letter of Credit Fees. The Borrowers agree to pay (i) to the Administrative Agent for the account of each Lender a participation fee with respect to its participations in Letters of Credit, which shall accrue at the same Applicable Margin used to determine the interest rate applicable to Eurodollar Loans on the average daily amount of such Lender's LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date on which such Lender's Commitment terminates and the date on which such Lender ceases to have any LC Exposure, (ii) to the Issuing Lender a fronting fee, which shall equal 0.125% per annum on the face amount of each Letter of Credit, payable in advance at the time of issuance, provided that in no event shall such fee be less than $750, and (iii) to the Issuing Lender, for its own account, its standard fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Participation fees accrued through and including the last day of March, June, September and December of each year shall be

payable on such last day, commencing on the first such date to occur after the date of this Agreement; provided that all such fees shall be payable on the Maturity Date and any such fees accruing after the Maturity Date shall be payable on demand. Any other fees payable to the Issuing Lender pursuant to this Section 3.05(b) shall be payable within ten (10) days after demand. All participation fees shall be computed on the basis of a year of 360 days, unless such computation would exceed the Highest Lawful Rate, in which case interest shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) Administrative Agent Fees. The Borrowers agree to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Borrowers and the Administrative Agent.

(d) Defaulting Lender Fees. The Borrowers shall not be obligated to pay the Administrative Agent and the Administrative Agent shall not be required to pay any Defaulting Lender's ratable share of the fees described in Section 3.05(a) and (b) for the period commencing on the day such Defaulting Lender becomes a Defaulting Lender and continuing for so long as such Lender continues to be a Defaulting Lender.

ARTICLE IV
Payments; Pro Rata Treatment; Sharing of Set-offs

Section 4.01 Payments; Pro Rata Treatment; Sharing of Set-offs.

(a) Payments by the Borrowers. The Borrowers shall make each payment required to be made by them hereunder (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Section 5.01, Section 5.02, Section 5.03 or otherwise) prior to 11:00 a.m., Houston, Texas time, on the date when due, in immediately available funds, without defense, deduction, recoupment, set-off or counterclaim. Fees, once paid, shall be fully earned and shall not be refundable under any circumstances. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices specified in Section 12.01, except payments to be made directly to the Issuing Lender or the Swing Line Lender as expressly provided herein and except that payments pursuant to Section 5.01, Section 5.02, Section 5.03 and Section 12.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate Recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in dollars.

(b) Application of Insufficient Payments. If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal and unreimbursed LC Disbursements then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements then due to such parties.

(c) Sharing of Payments by Lenders. If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or participations in LC Disbursements and participation in Swing Line Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and participations in LC Disbursements or participation in Swing Line Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans and participations in LC Disbursements and participation in Swing Line Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and participations in LC Disbursements and participation in Swing Line Loans; *provided* that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this Section 4.01(c) shall not be construed to apply to any payment made by the Borrowers pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements or participation in Swing Line Loans to any assignee or participant, other than to the Borrowers or any Subsidiary or Affiliate thereof (as to which the provisions of this Section 4.01(c) shall apply). The Borrowers consent to the foregoing and agree, to the extent they may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrowers rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrowers in the amount of such participation.

Section 4.02 Presumption of Payment by the Borrowers. Unless the Administrative Agent shall have received notice from the Borrowers prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the Issuing Lender or the Swing Line Lender that the Borrowers will not make such payment, the Administrative Agent may assume that the Borrowers have made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the Issuing Lender or the Swing Line Lender, as the case may be, the amount due. In such event, if the Borrowers have not in fact made such payment, then each of the Lenders or the Issuing Lender or the Swing Line Lender, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Lender or the Swing Line Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

Section 4.03 Certain Deductions by the Administrative Agent. If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.05(a), Section 2.08(d), Section 2.08(e), Section 2.09(c) or Section 4.02 then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid. If at any time prior to the acceleration or maturity of the Loans, the Administrative Agent shall receive any payment in respect of principal of a Loan or a reimbursement of an LC Disbursement while one or more Defaulting Lenders shall be party to this Agreement, the Administrative Agent shall apply such payment first to the Borrowing(s) for which such Defaulting Lender(s) shall have failed to fund its pro rata share until such time as such Borrowing(s) are paid in full or each Lender (including each Defaulting Lender) is owed its Applicable Percentage of all Loans then outstanding. After acceleration or maturity of the Loans, all principal will be paid ratably as provided in Section 10.02(c).

ARTICLE V
Increased Costs; Break Funding Payments; Taxes; Illegality

Section 5.01 Increased Costs.

(a) Eurodollar Changes in Law. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate);

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by such Lender;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Loan (or of maintaining its obligation to make any such Loan) or to reduce the amount of any sum received or receivable by such Lender (whether of principal, interest or otherwise), then the Borrowers will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender, the Swing Line Lender or the Issuing Lender determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's, Swing Line Lender's or the Issuing Lender's capital or on the capital of such Lender's, the Swing Line Lender's or the Issuing Lender's holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit and Swing Line Loans held by, such Lender, or the Letters of Credit issued by the Issuing Lender, to a level below that which such Lender, the Swing Line Lender or the Issuing Lender or such Lender's, the Swing Line Lender's or the Issuing Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's, the Swing Line Lender's or the Issuing Lender's policies and the policies of such Lender's, the Swing Line Lender's or the Issuing Lender's holding company with respect to capital adequacy), then from time to time the Borrowers will pay to such Lender, the Swing Line Lender or the Issuing Lender, as the case may be, such additional amount or amounts as will compensate such Lender, the Swing Line Lender or the Issuing Lender or such Lender's, the Swing Line Lender's or the Issuing Lender's holding company for any such reduction suffered.

(c) Certificates. A certificate of a Lender, the Swing Line Lender or the Issuing Lender setting forth the amount or amounts necessary to compensate such Lender, the Swing Line Lender or the Issuing Lender or its holding company, as the case may be, as specified in Section 5.01(a) or (b) shall be delivered to the Borrowers and shall be conclusive absent manifest error. The Borrowers shall pay such Lender, the Swing Line Lender or the Issuing Lender, as the case may be, the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Effect of Failure or Delay in Requesting Compensation. Failure or delay on the part of any Lenders, the Swing Line Lender or the Issuing Lender to demand compensation pursuant to this Section 5.01 shall not constitute a waiver of such Lender's, the Swing Line Lender's or the Issuing Lender's right to demand such compensation; *provided* that the Borrowers shall not be

required to compensate a Lender, the Swing Line Lender or the Issuing Lender pursuant to this Section 5.01 for any increased costs or reductions incurred more than 180 days prior to the date that such Lender, the Swing Line Lender or the Issuing Lender, as the case may be, notifies the Borrowers of the Change in Law giving rise to such increased costs or reductions and of such Lender's, the Swing Line Lender's or the Issuing Lender's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

Section 5.02 Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan into an ABR Loan other than on the last day of the Interest Period applicable thereto, or (c) the failure to borrow, convert, continue or prepay any Eurodollar Loan on the date specified in any notice delivered pursuant hereto, then, in any such event, the Borrowers shall compensate each Lender requesting a reimbursement for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the eurodollar market.

A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section 5.02 shall be delivered to the Borrowers and shall be conclusive absent manifest error. The Borrowers shall pay such Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

Section 5.03 Taxes.

(a) Issuing Lender. For the purposes of this Section 5.03, the term "Lender" includes any Issuing Lender.

(b) Payments Free of Taxes. Any and all payments by or on account of any obligation of a Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by such Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) Payment of Other Taxes by the Borrowers. The Borrowers shall pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for the payment of any Other Taxes.

(d) Indemnification by the Borrowers. The Borrowers shall indemnify the Administrative Agent, each Lender, the Swing Line Lender and the Issuing Lender, within ten (10) days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent, such Lender, the Swing Line Lender or the Issuing Lender, as the case may be, on or with respect to any payment by or on account of any obligation of the Borrowers hereunder (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section 5.03) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate of the Administrative Agent, a Lender, the Swing Line Lender or the Issuing Lender as to the amount of such payment or liability under this Section 5.03 shall be delivered to the Borrowers and shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrowers have not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrowers to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 12.04(f) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) Evidence of Payments. Upon request by the Administrative Agent, the Borrowers shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing any payment of Indemnified Taxes by the Borrowers or the Parent Guarantor to a Governmental Authority, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(g) Foreign Lenders.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrowers and the Administrative Agent, at the time or times reasonably requested by the Borrowers or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrowers or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrowers or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrowers or the Administrative Agent as will enable the Borrowers or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 5.03(g)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing:

(A) any Lender that is a U.S. Person shall deliver to the Borrowers and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrowers or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrowers and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrowers or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed originals of IRS Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit I-1 to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of a Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) executed originals of IRS Form W-8BEN; or

(4) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, a U.S. Tax Compliance Certificate substantially in the form of Exhibit I-2 or Exhibit I-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit I-4 on behalf of each such direct and indirect partner.

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrowers and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrowers or the Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrowers or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrowers and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrowers or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrowers or the Administrative Agent as may be necessary for the Borrowers and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrowers and the Administrative Agent in writing of its legal inability to do so

(h) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 5.03 (including by the payment of additional amounts pursuant to this Section 5.03), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(i) Survival. Each party's obligations under this Section 5.03 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document

Section 5.04 Mitigation Obligations. If any Lender requests compensation under Section 5.01, or if the Borrowers are required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 5.03, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 5.01 or Section 5.03, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrowers hereby agree to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

Section 5.05 Illegality. Notwithstanding any other provision of this Agreement, in the event that it becomes unlawful for any Lender or its applicable lending office to honor its obligation to make or

maintain Eurodollar Loans either generally or having a particular Interest Period hereunder, then (a) such Lender shall promptly notify the Borrowers and the Administrative Agent thereof and such Lender's obligation to make such Eurodollar Loans shall be suspended (the "Affected Loans") until such time as such Lender may again make and maintain such Eurodollar Loans and (b) all Affected Loans which would otherwise be made by such Lender shall be made instead as ABR Loans (and, if such Lender so requests by notice to the Borrowers and the Administrative Agent, all Affected Loans of such Lender then outstanding shall be automatically converted into ABR Loans on the date specified by such Lender in such notice) and, to the extent that Affected Loans are so made as (or converted into) ABR Loans, all payments of principal which would otherwise be applied to such Lender's Affected Loans shall be applied instead to its ABR Loans.

ARTICLE VI
Conditions Precedent

Section 6.01 Effective Date. The obligations of the Lenders to make Loans, the Swing Line Lender to make Swing Line Loans and of the Issuing Lender to issue Letters of Credit hereunder and the termination of the Existing Credit Agreement and the reallocation of Commitments referred to in Section 2.01 shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 12.02 or the last paragraph of this Section 6.01):

(a) The Administrative Agent, the Arranger and the Lenders shall have received all commitment, facility and agency fees and all other fees and amounts due and payable on or prior to the Effective Date, including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Borrowers hereunder.

(b) The Administrative Agent shall have received a certificate of the secretary or an assistant secretary of each Borrower and each Guarantor setting forth (i) resolutions of its board of directors, members or partners with respect to the authorization of each Borrower or such Guarantor to execute and deliver the Loan Documents to which it is a party and to enter into the transactions contemplated in those documents, (ii) the officers of each Borrower or such Guarantor (y) who are authorized to sign the Loan Documents to which such Borrower or such Guarantor is a party and (z) who will, until replaced by another officer or officers duly authorized for that purpose, act as its representative for the purposes of signing documents and giving notices and other communications in connection with this Agreement and the transactions contemplated hereby, (iii) specimen signatures of such authorized officers, and (iv) the Organizational Documents of the Borrowers and such Guarantor, certified as being true and complete. The Administrative Agent and the Lenders may conclusively rely on such certificate until the Administrative Agent receives notice in writing from each Borrower to the contrary.

(c) The Administrative Agent shall have received certificates of the appropriate state agencies with respect to the existence, qualification and good standing of each Borrower and each Guarantor.

(d) The Administrative Agent shall have received a closing certificate which shall be substantially in the form of Exhibit D, duly and properly executed by a Responsible Officer and dated as of the Effective Date.

(e) The Administrative Agent shall have received from each party hereto counterparts (in such number as may be requested by the Administrative Agent) of this Agreement signed on behalf of such party.

(f) The Administrative Agent shall have received duly executed Notes payable to each Lender that has requested a Note in a principal amount equal to its respective Commitment dated as of the date hereof.

(g) The Administrative Agent shall have received from each party thereto duly executed counterparts (in such number as may be requested by the Administrative Agent) of the Security Instruments and amendments to the Fleet Mortgage. In connection with the execution and delivery of the Security Instruments, the Administrative Agent shall be satisfied that the Security Instruments create first priority, perfected Liens (A) subject only to Excepted Liens identified in clauses (a) to (c) of Section 9.03 on the Vessel Collateral and (B) subject only to Excepted Liens identified in clauses (a) and (b) of Section 9.03 on the Deposit Accounts.

(h) The Administrative Agent shall have received an opinion of Winstead PC, special counsel to the Parent Guarantor, the Borrowers and the Guarantors, substantially in the form of Exhibit E hereto.

(i) The Administrative Agent shall have received a certificate of insurance coverage of the Borrowers evidencing that the Borrowers and the Subsidiaries are carrying insurance in accordance with Section 7.13.

(j) The Administrative Agent shall have received appropriate UCC or other relevant search certificates reflecting no prior Liens encumbering the Vessel Collateral for each of the following jurisdictions: Delaware, Louisiana and any other jurisdiction requested by the Administrative Agent; other than those being released prior to the Effective Date or Liens permitted by Section 9.03.

(k) The Administrative Agent shall have received a certificate of a Responsible Officer of the Borrowers certifying that the Borrowers have received all consents and approvals required by Section 7.03.

(l) The Administrative Agent shall have received a solvency certificate from a Responsible Officer of the Borrowers, in form and substance reasonably satisfactory to the Administrative Agent, confirming the solvency of the Borrowers and the Guarantors, taken as a whole, after giving effect to those aspects of the Transactions applicable at the Effective Date.

(m) The Administrative Agent shall have received, reviewed and been satisfied with, the title information as the Administrative Agent may reasonably require satisfactory to the Administrative Agent setting forth the status of title to the Vessel Collateral.

(n) The Administrative Agent shall have received such other documents as the Administrative Agent or special counsel to the Administrative Agent may reasonably request.

The Administrative Agent shall notify the Borrowers and the Lenders of the Effective Date, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligations of the Lenders to make Loans and of the Issuing Lender to issue Letters of Credit hereunder shall not become effective unless all of the foregoing conditions are satisfied (or waived pursuant to Section 12.02 or deemed waived and, in the event such conditions are not so satisfied or waived, the Commitments shall terminate at such time); provided that upon the funding of the initial Loans hereunder, the foregoing conditions in this Section 6.01 shall be deemed satisfied unless otherwise specified in writing by the Administrative Agent.

Section 6.02 Each Credit Event. The obligation of each Lender to make a Loan on the occasion of any Borrowing (including the initial funding), the Swing Line Lender to make a Swing Line Loan and of the Issuing Lender to issue, amend, renew or extend any Letter of Credit, is subject to the satisfaction of the following conditions:

(a) At the time of and immediately after giving effect to such Borrowing, Swing Line Loan or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default shall have occurred and be continuing and the fair market value of the Vessel Collateral is equal to or in excess of two hundred percent (200%) of the outstanding Credit Exposures of all Lenders taking into account the increase of Credit Exposures requested based on the most recent Appraisal.

(b) At the time of and immediately after giving effect to such Borrowing, Swing Line Loan or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no event, development or circumstance has occurred or shall then exist that has resulted in, or could reasonably be expected to have, a Material Adverse Effect.

(c) The representations and warranties of the Borrowers and the Guarantors set forth in this Agreement and in the other Loan Documents shall be true and correct on and as of the date of such Borrowing, Swing Line Loan or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable, except to the extent any such representations and warranties are expressly limited to an earlier date.

(d) The making of such Loan or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, would not cause any Lender or the Issuing Lender to violate or exceed any applicable Governmental Requirement, and no Change in Law shall have occurred, and no litigation shall be pending or threatened, which does or, with respect to any threatened litigation, seeks to, enjoin, prohibit or restrain, the making or repayment of any Loan, the issuance, amendment, renewal, extension or repayment of any Letter of Credit or any participations therein or the consummation of the Transactions as contemplated by this Agreement or any other Loan Document.

(e) The receipt by the Administrative Agent of a Borrowing Request in accordance with Section 2.03, a Swing Line Loan Notice in accordance with Section 2.09(b), or a request for a Letter of Credit in accordance with Section 2.08(b), as applicable.

(f) In the event that the Equity Interests of the Foreign Subsidiaries of the Parent Guarantor that would otherwise be Guarantors pursuant to Section 8.15(c) become included in the Security Instruments, the Administrative Agent shall have received certificates, if any, together with undated, blank stock or membership interest powers for each such certificate, representing 65% of such issued and outstanding Equity Interests.

Each request for a Borrowing or a Swing Line Loan and each request for the issuance, amendment, renewal or extension of any Letter of Credit shall be deemed to constitute a representation and warranty by the Borrowers on the date thereof as to the matters specified in Section 6.02(a) through (f).

ARTICLE VII
Representations and Warranties

The Parent Guarantor and the Borrowers jointly and severally represent and warrant to the Administrative Agent and each Lender that:

Section 7.01 Organization; Powers. Each of the Parent Guarantor, the Borrowers and each Subsidiary is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite corporate or limited liability company power and authority, and has all material governmental licenses, authorizations, consents and approvals necessary, to own its Property and to carry on its business as now conducted, and is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required, except where failure to have such power, authority, licenses, authorizations, consents, approvals and qualifications could not reasonably be expected to have a Material Adverse Effect.

Section 7.02 Authority; Enforceability. The Transactions are within the Borrowers' and each Guarantor's limited liability company, corporate or partnership powers and have been duly authorized by all necessary limited liability company or corporate and, if required, member, or shareholder action. Each Loan Document to which a Borrower or a Guarantor is a party has been duly executed and delivered by such Borrower or such Guarantor and constitutes a legal, valid and binding obligation of such Borrower and such Guarantor, as applicable, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

Section 7.03 Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority or any other third Person (including members, partners or shareholders of the Borrowers, the Guarantors or any other Person), nor is any such consent, approval, registration, filing or other action necessary for the validity or enforceability of any Loan Document or the consummation of the transactions contemplated thereby, except such as have been obtained or made and are in full force and effect other than the recording and filing of the Security Instruments as required thereby or by this Agreement, (b) will not violate any applicable law or regulation or the Organizational Documents of the Borrowers, the Guarantors or any Subsidiary or any order of any Governmental Authority, (c) will not violate or result in a default under any material indenture, agreement or other instrument binding upon the Parent Guarantor, the Borrowers or any Subsidiary or its Properties, or give rise to a right thereunder to require any material payment to be made by the Borrowers or such Subsidiary and (d) will not result in the creation or imposition of any Lien on any Property of the Parent Guarantor, the Borrowers or any Subsidiary (other than the Liens created by the Loan Documents).

Section 7.04 Financial Projections; No Material Adverse Change.

(a) The Parent Guarantor has heretofore furnished to the Lenders its consolidated balance sheet and statements of income, stockholders equity and cash flows (i) as of and for the fiscal year ended December 31, 2010, reported on by Ernst & Young LLP, independent public accountants, and (ii) as of and for the fiscal quarter and the portion of the fiscal year ended September 30, 2011, certified by its chief financial officer. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Parent Guarantor and its Consolidated Subsidiaries as of such dates and for such periods in accordance with GAAP, subject to year-end audit adjustments and the absence of certain footnotes in the case of the unaudited quarterly financial statements.

(b) Since December 31, 2010 there has been no event, development or circumstance that has had or could reasonably be expected to have a Material Adverse Effect.

(c) None of the Parent Guarantor, the Borrowers or any Subsidiary has any material Funded Debt or any contingent liabilities, off-balance sheet liabilities or partnerships,

liabilities for taxes, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments, except for those arising with respect to the Transactions, those arising under the Indentures and those included or otherwise disclosed in the financial statements or other written materials delivered to the Administrative Agent.

Section 7.05 Litigation.

(a) Except as set forth on Schedule 7.05, there are no actions, suits, investigations or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of the Parent Guarantor and each Borrower, threatened against or affecting the Parent Guarantor, the Borrowers or any Subsidiary or any of their Properties (i) as to which there is a reasonable possibility of an adverse determination that could reasonably be expected to have a Material Adverse Effect, or (ii) that involve any Loan Document or the Transactions.

(b) Since the date of this Agreement, there has been no change in the status of the matters disclosed in Schedule 7.05 that has resulted in, or could reasonably be expected to have, Material Adverse Effect.

Section 7.06 Environmental Matters. Except as could not be reasonably expected to have a Material Adverse Effect (or with respect to (c), (d) and (e) below, where the failure to take such actions could not be reasonably expected to have a Material Adverse Effect):

(a) Neither any Property of the Parent Guarantor, the Borrowers or any Subsidiary nor the operations conducted thereon violate any Environmental Laws.

(b) Neither any Property of the Parent Guarantor, the Borrowers or any Subsidiary nor the operations conducted thereon or, to the knowledge of the Parent Guarantor and each Borrower, by any prior owner or operator of such Property or operation, are subject to any existing, pending or threatened action, suit, investigation, inquiry or proceeding by or before any court or Governmental Authority or to any remedial obligations under Environmental Laws.

(c) All notices, permits, licenses, exemptions, approvals or similar authorizations, if any, required to be obtained or filed in connection with the operation or use of any and all Property of the Parent Guarantor, the Borrowers and each Subsidiary, including, without limitation, past or present treatment, storage, disposal or release of a Hazardous Material into the environment, have been duly obtained or filed, and the Parent Guarantor, the Borrowers and each Subsidiary are in compliance with the terms and conditions of all such notices, permits, licenses and similar authorizations.

(d) All Hazardous Material, if any, generated at any and all Property of the Parent Guarantor and each Borrower or any Subsidiary by any such Person, and to the knowledge of the Parent Guarantor and the Borrowers, by any other Person, has in the past been transported, treated and disposed of in accordance with Environmental Laws and so as not to pose an imminent and substantial endangerment to public health or welfare or the environment, and, to the knowledge of the Parent Guarantor and each Borrower, all such transport carriers and treatment and disposal facilities have been and are operating in compliance with Environmental Laws and so as not to pose an imminent and substantial endangerment to public health or welfare or the environment, and are not the subject of any existing, pending or threatened action, investigation or inquiry by any Governmental Authority pursuant to any Environmental Laws.

(e) Neither the Borrowers nor the Parent Guarantor has any knowledge that any Hazardous Materials are now located on or in the Vessels, or that any other Person has ever caused or permitted any Hazardous Materials to be placed, held, located or disposed of on, the Vessels or any part thereof, except for such Hazardous Materials that may have been placed, held, or located on the Vessels in accordance with and otherwise not in violation of Environmental Laws.

(f) To the extent applicable under OPA, all Property of the Parent Guarantor, the Borrowers and each Subsidiary currently satisfies all requirements imposed by OPA and, except as set forth on Schedule 7.06(f), the Parent Guarantor and each Borrower does not have any reason to believe that such Property, to the extent subject to OPA, will not be able to maintain compliance with OPA requirements during the term of this Agreement.

(g) To the knowledge of the Parent Guarantor and the Borrowers, there has been no exposure of any Person or Property to any Hazardous Materials in connection with any Property or operation of the Borrowers or any Subsidiary that could reasonably be expected to form the basis of a claim for damages or compensation.

Section 7.07 Compliance with the Laws and Agreements; No Defaults.

(a) The Parent Guarantor, the Borrowers and each Subsidiary is in compliance with all Governmental Requirements applicable to it or its Property and all agreements and other instruments binding upon it or its Property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, and possesses all licenses, permits, franchises, exemptions, approvals and other governmental authorizations necessary for the ownership of its Property and the conduct of its business, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(b) Neither the Parent Guarantor, the Borrowers nor any Subsidiary is in default nor has any event or circumstance occurred which, but for the expiration of any applicable grace period or the giving of notice, or both, would constitute a default under, or would require the Parent Guarantor, the Borrowers or a Subsidiary to Redeem or make any offer to Redeem under any indenture, note, credit agreement or instrument pursuant to which any Material Indebtedness is outstanding or by which the Parent Guarantor, the Borrowers or any Subsidiary or any of their Properties is bound.

(c) No Default has occurred and is continuing.

Section 7.08 Investment Company Act. Neither the Parent Guarantor nor any Subsidiary is an "investment company" or a company "controlled" by an "investment company," within the meaning of, or subject to regulation under, the Investment Company Act of 1940, as amended.

Section 7.09 Reserved.

Section 7.10 Taxes. Each of the Parent Guarantor, the Borrowers and the Subsidiaries has timely filed (including any available extension) or caused to be filed all Tax returns and reports required to have been filed and has paid or caused to be paid all Taxes required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which the Parent Guarantor, a Borrower or such a Subsidiary, as applicable, has set aside on its books adequate accruals in accordance with GAAP (to the extent such accrual may be set up under GAAP) or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect. The charges and accruals on the books of the Parent Guarantor, the Borrowers and the Subsidiaries in respect of Taxes and other governmental charges are, in the reasonable opinion of the Borrowers, adequate.

Section 7.11 ERISA.

(a) The Parent Guarantor, the Borrowers, the Subsidiaries and each ERISA Affiliate have complied in all material respects with ERISA and, where applicable, the Code regarding each Plan.

(b) Each Plan is, and has been, maintained in substantial compliance with ERISA and, where applicable, the Code.

(c) No act, omission or transaction has occurred which could result in imposition on the Parent Guarantor, the Borrowers, any Subsidiary or any ERISA Affiliate (whether directly or indirectly) of (i) either a material civil penalty assessed pursuant to subsections (c), (i), (l) or (m) of section 502 of ERISA or a tax imposed pursuant to Chapter 43 of Subtitle D of the Code or (ii) material breach of fiduciary duty liability damages under section 409 of ERISA.

(d) No Plan (other than a defined contribution plan) or any trust created under any such Plan has been terminated since September 2, 1974. No liability to the PBGC (other than for the payment of current premiums which are not past due) by the Parent Guarantor, the Borrowers, any Subsidiary or any ERISA Affiliate has been or is expected by the Parent Guarantor, the Borrowers, any Subsidiary or any ERISA Affiliate to be incurred with respect to any Plan. No ERISA Event has occurred or is reasonably expected to occur.

(e) Full payment when due has been made of all material amounts which the Parent Guarantor, the Borrowers, the Subsidiaries or any ERISA Affiliate is required under the terms of each Plan or applicable law to have been paid as contributions to such Plan, and no waived funding deficiency (as defined in section 302 of ERISA and section 412 of the Code), which could reasonably be expected to have a Material Adverse Effect, exists with respect to any Plan. The actuarial present value of the benefit liabilities under each Plan which is subject to Title IV of ERISA does not, as of the end of the Parent Guarantor's most recently ended fiscal year, exceed the current value of the assets (computed on a plan termination basis in accordance with Title IV of ERISA) of such Plan allocable to such benefit liabilities by a material amount, and the sum of such excesses for all such Plans is not material. The term "actuarial present value of the benefit liabilities" shall have the meaning specified in section 4041 of ERISA.

(f) None of the Parent Guarantor, the Borrowers, the Subsidiaries or any ERISA Affiliate sponsors, maintains, or contributes to an employee welfare benefit plan, as defined in section 3(1) of ERISA, including, without limitation, any such plan maintained to provide benefits to former employees of such entities, that may not be terminated by the Parent Guarantor, the Borrowers, any Subsidiary or any ERISA Affiliate in its sole discretion at any time without any material liability.

(g) None of the Parent Guarantor, the Borrowers, the Subsidiaries or any ERISA Affiliate is required to contribute to, or has any other absolute or contingent liability in respect of, any Multiemployer Plan that, when taken together with all other such contribution obligations and liabilities, has resulted in, or could reasonably be expected to have, a Material Adverse Effect.

Section 7.12 Disclosure; No Material Misstatements. The Parent Guarantor and the Borrowers have disclosed to the Administrative Agents all agreements, instruments and corporate or other restrictions to which it or any of its Subsidiaries is subject, and all other matters known to them, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. None of the reports, financial statements, certificates or other oral or written information furnished by the

Parent Guarantor, the Borrowers or any Subsidiary to the Administrative Agent or any of its Affiliates in connection with the negotiation of this Agreement or any other Loan Document or delivered hereunder or under any other Loan Document (as modified or supplemented by other information so furnished) when considered as a whole contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Section 7.13 Insurance. The Parent Guarantor has, and has caused the Borrowers and all of its Subsidiaries to have, (a) all insurance policies sufficient for the compliance by each of them with all material Governmental Requirements, all material agreements and all other Loan Documents and (b) insurance coverage in at least amounts and against such risk (including, without limitation, public liability) that are reasonably consistent with other companies in the industry performing the same or a similar business for the assets and operations of the Borrowers and its Subsidiaries but at minimum as required by the Loan Documents. The Administrative Agent and the Lenders have been named in a manner such that they are afforded the stature of additional insureds in respect of such liability insurance policies and the Administrative Agent has been named as loss payee with respect to Vessel Collateral loss insurance.

Section 7.14 Restriction on Liens. Except as permitted by Section 9.16, neither the Parent Guarantor nor any of the Subsidiaries is a party to any material agreement or arrangement, or subject to any order, judgment, writ or decree, which either restricts or purports to restrict its ability to grant Liens to the Administrative Agent for the benefit of the Lenders on or in respect of the Vessel Collateral or their other vessels to secure the Indebtedness and the Loan Documents.

Section 7.15 Subsidiaries. Except as set forth on Schedule 7.15 or as disclosed in writing to the Administrative Agent (which shall promptly furnish a copy to the Lenders), which shall be a supplement to Schedule 7.15, the Parent Guarantor has no Subsidiaries. The owner and percentage of ownership of each Subsidiary is set forth on such schedule.

Section 7.16 Location of Business and Offices. The Parent Guarantor's, the Borrowers' and each Subsidiary's jurisdiction of organization, name as listed in the public records of its jurisdiction of organization, organizational identification number in its jurisdiction of organization, and the location of its principal place of business and chief executive office is stated on Schedule 7.15 (or as set forth in a notice delivered pursuant to Section 8.12(b)).

Section 7.17 Properties; Titles, Etc.

(a) Each of the Borrowers has good title to all of the Vessel Collateral, free and clear of all Liens except Liens permitted by clauses (a) through (c) of Section 9.03.

(b) Except as set forth in Schedule 7.17, all of the material Properties of the Parent Guarantor, the Borrowers and the Subsidiaries which are reasonably necessary for the operation of their businesses are in good working condition, ordinary wear and tear excepted, and are maintained in accordance with reasonable commercial business standards, except where such condition or maintenance could not reasonably be expected to have a Material Adverse Effect.

(c) The Parent Guarantor, the Borrowers and each Subsidiary owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual Property material to its business, and the use thereof by the Parent Guarantor, the Borrowers and such Subsidiary does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. The Parent Guarantor,

the Borrowers and the Subsidiaries either own or have valid licenses or other rights to use all databases, and other technical information used in their businesses as presently conducted, subject to the limitations contained in the agreements governing the use of the same, which limitations are customary for companies engaged in its line of business, with such exceptions as could not reasonably be expected to have a Material Adverse Effect.

Section 7.18 Reserved.

Section 7.19 Swap Agreements. As of the Effective Date, Schedule 7.19 sets forth a true and complete list of all Swap Agreements of the Borrowers and each Subsidiary, the material terms thereof (including the type, term, effective date, termination date and notional amounts or volumes), the net mark to market value thereof, all credit support agreements relating thereto (including any margin required or supplied) and the counterparty to each such agreement.

Section 7.20 Use of Proceeds. The proceeds of the Loans and the Letters of Credit shall be used for working capital and general corporate purposes of the Parent Guarantor, the Borrowers, and each Subsidiary, including the refinancing of the Existing Credit Agreement, capital expenditures (including vessel construction or conversions and acquisitions). The Parent Guarantor, the Borrowers and each Subsidiary are not engaged principally, or as one of its or their important activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate, of buying or carrying margin stock (within the meaning of Regulation T, U or X of the Board). No part of the proceeds of the Loans will be used for any purpose which violates the provisions of Regulations T, U or X of the Board.

Section 7.21 Solvency. After giving effect to the Transactions contemplated hereby that had been effected through the date of determination, (a) the aggregate assets (after giving effect to amounts that could reasonably be received by reason of indemnity, offset, insurance or any similar arrangement), at a fair valuation, of the Borrowers and the Guarantors, taken as a whole, will exceed the aggregate Debt of the Borrowers and the Guarantors on a consolidated basis, as the Debt becomes absolute and matures, (b) each of the Borrowers and the Guarantors will not have incurred or intended to incur, and will not believe that it will incur, Debt beyond its ability to pay such Debt (after taking into account the timing and amounts of cash to be received by each of the Borrowers and the Guarantors and the amounts to be payable on or in respect of its liabilities, and giving effect to amounts that could reasonably be received by reason of indemnity, offset, insurance or any similar arrangement) as such Debt becomes absolute and matures and (c) each of the Borrowers and the Guarantors will not have (and will have no reason to believe that it will have thereafter) unreasonably small capital for the conduct of its business.

ARTICLE VIII
Affirmative Covenants

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder and all other amounts payable under the Loan Documents shall have been paid in full and all Letters of Credit have expired, terminated or been cash collateralized to the reasonable satisfaction of the Issuing Lender and all LC Disbursements shall have been reimbursed, the Parent Guarantor and the Borrowers covenant and agree with the Administrative Agent and the Lenders on behalf of the Loan Parties that:

Section 8.01 Financial Statements and Reports. The Parent Guarantor and the Borrowers will promptly furnish, or cause to be furnished, to the Administrative Agent and each of the Lenders such information regarding the business and affairs and financial condition of the Borrowers and the Parent Guarantor and the Subsidiaries as the Administrative Agent or the Required Lenders may reasonably request. Without limiting the generality of the foregoing, the Parent Guarantor and the Borrowers will furnish or cause to be furnished to the Administrative Agent and each of the Lenders, each of the following:

(a) The Parent Guarantor Annual Reports—as soon as available and in any event within seven (7) Business Days following the required SEC filing date for the Form 10-K, the annual report on Form 10-K containing the audited consolidated balance sheet of the Parent Guarantor as of the end of such year, the audited consolidated statement of income of the Parent Guarantor for such year, the audited consolidated statement of stockholders' equity of the Parent Guarantor for such year, and the audited consolidated statement of cash flows of the Parent Guarantor for such year (along with data for each business segment for such periods), setting forth in each case in comparative form the corresponding figures for the preceding fiscal year, accompanied by the unqualified audit opinions of Ernst & Young LLP or another independent certified public accountant acceptable to the Required Lenders;

(b) Subsidiaries Annual Reports—promptly upon the request of the Administrative Agent or the Required Lenders after April 30 in any year, the balance sheet of any Subsidiary (that is not a Borrower or a Guarantor Subsidiary) as of the end of the most recently completed fiscal year, the statement of income of such Subsidiary for such year, the statement of owner's equity of such Subsidiary for such year, and the statement of cash flows of such Subsidiary for such year, setting forth in each case in comparative form the corresponding figures for the preceding fiscal year, certified as being true, correct and complete in all material respects by the chief financial officer of the Parent Guarantor;

(c) The Parent Guarantor Quarterly Reports—as soon as available and in any event within seven (7) Business Days of the required SEC filing date for the Form 10-Q, the quarterly report on Form 10-Q containing the consolidated balance sheet of the Parent Guarantor as of the end of such quarter, the consolidated statements of income of the Parent Guarantor for such quarter and for the period from the beginning of the fiscal year through such quarter, and the consolidated statements of cash flows of the Parent Guarantor for the period from the beginning of the fiscal year through such quarter (along with data for each business segment for such periods), setting forth in each case in comparative form the corresponding figures for the corresponding period of the preceding fiscal year, certified as being true, correct and complete in all material respects by the chief financial officer of the Parent Guarantor;

(d) Audit Reports—promptly upon receipt thereof, copies of each other audit report submitted to either Borrower or the Parent Guarantor by independent accountants in connection with any annual, interim or special audit made by them of the books of either Borrower or the Parent Guarantor; and

(e) Budget—as soon as available and with the delivery of the annual report on Form 10-K required by Section 8.01(a), the Parent Guarantor's consolidated annual budget (including income statement, and capital expenditure budget) for such calendar year.

All such balance sheets and other reports referred to above shall be in such detail as the Administrative Agent or the Required Lenders may reasonably request and shall conform to GAAP applied on a consistent basis, except only for such changes in accounting principles or practice with which the independent certified public accountants concur.

Section 8.02 Certificates of Compliance. (a) Concurrently with the furnishing of the annual financial statements pursuant to Section 8.01(a) hereof, the Parent Guarantor will furnish or cause to be furnished to the Administrative Agent, for distribution to the Lenders, certificates from the independent

certified public accountants for the Parent Guarantor stating that in the ordinary course of their audit of the Parent Guarantor insofar as it relates to accounting matters, their audit has not disclosed the existence of any condition which constitutes a Default, or if their audit has disclosed the existence of any such condition, specifying the nature, period of existence and status thereof; provided, that the independent certified public accountants shall not be liable to the Administrative Agent or the Lenders for their failure to discover a Default.

(b) Concurrently with the furnishing of the financial statements pursuant to Sections 8.01(a) and (c) hereof, the Parent Guarantor will furnish to Administrative Agent a certificate that there is no Default or Event of Default at such time and a certificate in form and substance satisfactory to the Administrative Agent containing all information and calculations necessary for determining compliance with Sections 9.01(a), (b) and (c) or (d), as applicable, and for determining the Applicable Margin, and the Parent Guarantor will deliver a certificate to Administrative Agent certifying that no Change in Control has occurred.

Section 8.03 Taxes and Other Liens. The Borrowers and the Guarantors will pay and discharge promptly when due all taxes, assessments and governmental charges or levies imposed upon the Borrowers or any Guarantor or upon its income or upon any of its Property as well as all claims of any kind (including claims for labor, materials, supplies and rent) which, if unpaid, might become a Lien upon any or all of its Property; provided, that the Borrowers and the Guarantors shall not be required to pay any such tax, assessment, charge, levy or claim if the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings diligently conducted and if the contesting party shall have set up accruals therefor adequate under GAAP (provided that such accruals may be set up under GAAP).

Section 8.04 Existence; Compliance. Except as permitted by Section 9.06, each Borrower and each Guarantor will maintain its limited liability company or corporate existence and rights. The Borrowers and the Guarantors will observe and comply with all valid laws, statutes, codes, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, certificates, franchises, permits, licenses, authorizations, directions and requirements of any Governmental Authority including Governmental Requirements and Environmental Laws, unless any such failure to observe and comply would not reasonably be expected to have a Material Adverse Effect.

Section 8.05 Further Assurances. The Borrowers and the Guarantors will promptly (and in no event later than thirty (30) days after written notice from the Administrative Agent is received) cure or cause to be cured any defects in the creation, execution and delivery of any of the Loan Documents. The Borrowers and the Guarantors will, at their expense, promptly (and in no event later than thirty (30) days after written notice from the Administrative Agent is received) execute and deliver, or cause to be executed and delivered, to the Administrative Agent and the Lenders upon request all such other and further documents, agreements and instruments (including without limitation further security agreements, financing statements, continuation statements, and assignments of accounts and contract rights, except for Excluded Contracts (as defined in the Guaranty and Collateral Agreement)) in compliance with or accomplishment of the covenants and agreements of each Borrower and the Guarantors in the Loan Documents or to further evidence and more fully describe the Vessel Collateral, including any renewals, additions, substitutions, replacements or accessions to the Vessel Collateral, or to correct any omissions in the Security Instruments, or more fully state the security obligations set out herein or in any of the Security Instruments, or to perfect, protect or preserve any Liens created pursuant to any of the Security Instruments, or to make any recordings, to file any notices, or obtain any consents as may be necessary or appropriate in connection with the transactions contemplated by this Agreement.

Section 8.06 Performance of Obligations. The Borrowers will repay the Loans in accordance with the Notes and this Agreement. The Borrowers and the Guarantors will do and perform every act required of the Borrowers and the Guarantors, by the Loan Documents at the time or times and in the manner specified.

Section 8.07 Reserved.

Section 8.08 Insurance. (a) The Borrowers and the Guarantors shall cause the Administrative Agent to be named as loss payee, for the ratable benefit of the Lenders, as to the Vessel Collateral and as mortgagee and the Administrative Agent, as agent for the Lenders, to be named as an additional insured, with a waiver of rights of subrogation, under a marine and war-risk insurance policy, and the Administrative Agent, as agent for the Lenders, to be named as an additional insured, with a waiver of rights of subrogation, under the comprehensive general liability insurance, statutory workers' compensation insurance and longshoreman and harbor workers' act coverage policies.

(b) The Borrowers and the Guarantors may purchase such insurance from any insurance company or broker that is acceptable to the Administrative Agent, which approval shall not be unreasonably withheld. All such insurance policies, including renewals and replacements, must also be in form and substance acceptable to the Administrative Agent, which approval shall not be unreasonably withheld and must additionally contain a non-contributory loss payable endorsement in favor of the Administrative Agent, for the ratable benefit of the Lenders, providing in part that (i) all proceeds under such policies of insurance will, subject to the terms and conditions of subsection (f) below, be delivered directly to the Administrative Agent (payable as hereinafter provided) and (ii) no act or omission on the part of the Borrowers, or any of their officers, agents, employees or representatives, nor breach of any warranty contained in such policies, shall affect the obligations of the insurer to pay the full amount of any loss to the Administrative Agent. Such policies of insurance must also contain a provision prohibiting cancellation or the alteration of such insurance without at least thirty (30) days' prior written notice to the Administrative Agent of such intended cancellation or alteration. The insurance policies and insurers in effect on the Effective Date, as provided in advance to the Administrative Agent, are acceptable to the Administrative Agent.

(c) The Borrowers and the Guarantors agree to provide, or cause to be provided to, the Administrative Agent with originals or certified copies of such policies of insurance or certificates with respect thereto. The Borrowers and the Guarantors further agree to promptly furnish the Administrative Agent with copies of all renewal notices and, if requested by the Administrative Agent, with copies of receipts for paid premiums. The Borrowers and the Guarantors shall provide, or cause to be provided to, the Administrative Agent binders or such other proof acceptable to the Administrative Agent that renewal or replacement policies of insurance will be in effect before any such existing policy or policies should expire.

(d) In the event the Borrowers and the Guarantors should, for any reason whatsoever, fail to cause any insurance required hereunder or under the Security Instruments to be maintained as herein or therein provided, or to cause such policies to be and remain so assigned or payable as provided herein, or to cause to be delivered to the Administrative Agent satisfactory evidence thereof, then the Administrative Agent, if it so elects, may itself have any such insurance effected in such amounts and in such companies as it may deem proper and may pay the premiums therefor and the Borrowers shall reimburse the Administrative Agent (and the Lenders, if applicable) upon demand for the amount of the premiums paid, together with interest thereon at the Default Rate from the date such premiums were paid by the Administrative Agent (or Lender, if applicable) until reimbursed. The Administrative Agent and the Lenders shall not be responsible for the solvency of any company issuing any insurance policy, whether or not selected or approved by the Administrative Agent or the Lenders, or for the collection of any amounts due under any such policy, and shall be responsible and accountable only for such money as may be actually received by the Administrative Agent or the Lenders.

(e) The Borrowers and the Guarantors agree to notify the Administrative Agent in writing within thirty (30) days of any Casualty Event involving a Vessel (or any other vessel owned by either Borrower that could reasonably be expected to have a Material Adverse Effect), in each case whether or not such casualty or loss is covered by insurance. The Borrowers and the Parent Guarantor further agree to promptly notify their insurance company and to submit an appropriate claim and proof of claim to the insurance company in the event that a Vessel or any other vessel owned by either Borrower, is involved in a Casualty Event. As to the Vessel Collateral, the Administrative Agent may submit such a claim and proof of claim to the insurance company on the owner's behalf, should the owner fail to do so promptly for any reason. As to the Vessel Collateral, the Borrowers and the Guarantors hereby irrevocably appoint the Administrative Agent as its agent and attorney-in-fact, each such agency being coupled with an interest, to make, settle and adjust claims under such policy or policies of insurance (regardless of whether a settlement or adjustment of a claim is an Event of Default) and to endorse the name of the Borrowers and the Guarantors on any check or other item of payment for the proceeds thereof; it being understood, however, that unless one or more Defaults exist under this Agreement, the Administrative Agent will not settle or adjust any such claim without the prior approval of the Borrowers (which approval shall not be unreasonably withheld).

(f) The Borrowers and the Guarantors shall not declare or agree with underwriters that a Vessel is a constructive or compromised, agreed or arranged constructive total loss without the prior written consent of the Administrative Agent and the Required Lenders. The proceeds of all insurance covering Vessel Collateral shall be made payable to the owner of such Vessel and the Administrative Agent jointly, and delivered to the Administrative Agent. The Administrative Agent agrees to notify the applicable insurance carrier to make the insurance payment payable to and delivered to the Borrowers in connection with a Casualty Event if after such Casualty Event either: (i) no Event of Default shall have occurred and be continuing; and the fair market value of the Vessel Collateral is equal to or in excess of two hundred percent (200%) of the outstanding Credit Exposures of all Lenders or (ii) no Event of Default shall have occurred and be continuing; and the Borrowers have replaced the Vessel Collateral subject to the Casualty Event with one or more vessels of equivalent or greater comparable fair market value, acceptable to the Administrative Agent in its sole and absolute discretion, and have provided to the Administrative Agent a first priority, perfected Lien subject only to Excepted Liens identified in clauses (a) to (c) of Section 9.03 on such substitute Vessel Collateral.

(g) The Administrative Agent's receipt of such insurance proceeds and the application of such proceeds as provided herein shall not, however, affect the Administrative Agent's Liens against the Vessels, for the ratable benefit of the Lenders. Other than in circumstances where insurance proceeds relative to the loss of or damage to a Vessel are applied to the repayment of the Indebtedness or where the Borrowers or the Parent Guarantor have substituted one or more Vessels of equivalent or greater fair market value as Vessel Collateral in compliance with Section 8.16 (without taking into account the Vessels damaged), nothing under this Section 8.08 shall be deemed to excuse the Borrowers from their obligations to promptly repair, replace or restore any lost or damaged Vessel, whether or not the same is covered by insurance, whether or not such proceeds of insurance are available, and whether or not such proceeds are sufficient in amount to complete such repair, replacement or restoration, to the satisfaction of the Administrative Agent. Furthermore, unless otherwise confirmed by the Administrative Agent and the Required Lenders in writing, the application or release of any insurance proceeds by the Administrative Agent shall not be deemed to cure or waive any Event of Default under this Agreement.

(h) The Borrowers and the Guarantors, upon request of the Administrative Agent, shall furnish, or cause to be furnished, to the Administrative Agent reports on each existing policy of insurance showing such information as the Administrative Agent or the Required Lenders may request, including without limitation the following: (i) the name of the insurer; (ii) the risks insured; (iii) the amount of the policy; (iv) the Property insured; (v) the then current value on the basis of which insurance has been obtained and the manner of determining that value; and (vi) the expiration date of the policy.

Section 8.09 Accounts and Records. The Borrowers and the Guarantors will keep books of record and accounts in which true and correct entries will be made as to all material matters of all dealings or transactions in relation to the respective business and activities, sufficient to permit reporting in accordance with GAAP, consistently applied.

Section 8.10 Right of Inspection. (a) The Borrowers and the Guarantors will permit any officer, employee or agent of the Administrative Agent, any Lender, the Surveyor, the United States Coast Guard or the American Bureau of Shipping to visit and inspect the Vessels, and to visit and inspect the other Vessel Collateral, and (b) the Borrowers and the Guarantors will permit any officer, employee or agent of the Administrative Agent and (upon the occurrence and continuance of an Event of Default) any Lender to examine the books of record and accounts of the Borrowers and the Guarantors, take copies and extracts therefrom, and discuss the affairs, finances and accounts of the Borrowers and the Guarantors with their officers, accountants, counsel and auditors, all of the foregoing at such reasonable times and on reasonable notice and without hindrance or delay and as often as the Administrative Agent, any Lender (if applicable), the Surveyor, the United States Coast Guard or the American Bureau of Shipping may reasonably desire. Notwithstanding the foregoing, except following an Event of Default that has occurred and is continuing, the Administrative Agent, any Lender and the Surveyor shall not visit or inspect the Vessels or other Vessel Collateral more frequently than twice a year, individually or as a group, and then at their own expense, except that the Borrowers will be responsible for such expense following the occurrence and during the continuance of an Event of Default, and provided that any such visits or inspections shall occur when the applicable Vessel is shoreside at a location involved in the ordinary course of providing its services under its then applicable charter or other vessel service contract.

Section 8.11 Maintenance of Properties. The Borrowers and the Guarantors shall maintain and preserve all of their respective Properties (and any Property leased by or consigned to any of them or held under title retention or conditional sales contracts) that are used or useful in the conduct of their respective business in the ordinary course in good working order and condition at all times, ordinary wear and tear excepted, and make all repairs, replacements, additions, betterments and improvements to their respective Properties to the extent necessary so that any failure will not reasonably be expected to have a Material Adverse Effect. Without limiting the generality of the foregoing, the Borrowers and the Guarantors shall at all times maintain the Vessels in compliance with the requirements of the American Bureau of Shipping or any other classification society acceptable to the Administrative Agent, for the highest classification for vessels of like age and type, and upon the Administrative Agent's request therefor, the Borrowers shall promptly provide to the Administrative Agent copies of certificates duly issued by the American Bureau of Shipping or other classification society acceptable to the Administrative Agent, to the effect that the Vessels have been given the highest classification and rating for vessels of the same respective ages and types, free of all recommendations and notations of such classification society affecting class.

Section 8.12 Notice of Certain Events. (a) The Parent Guarantor and the Borrowers shall promptly notify the Administrative Agent if any one of them learns of the occurrence of any event which constitutes a Default, together with a detailed statement by a Responsible Officer of the Parent Guarantor as to the nature of the Default and the steps being taken to cure the effect of such Default.

(b) The Parent Guarantor and the Borrowers shall promptly notify the Administrative Agent of any change in organizational jurisdiction, location of the principal place of business or the office where records concerning accounts and contract rights are kept, or any change in the federal taxpayer identification number or organizational identification number of the Parent Guarantor or any Subsidiary.

(c) The Parent Guarantor and the Borrowers shall promptly provide the Administrative Agent, upon request therefor by the Administrative Agent, listings of the assets of the Borrowers or the Guarantors and the condition thereof, in form and substance satisfactory to the Administrative Agent.

(d) The Parent Guarantor and the Borrowers shall promptly submit such information in form and substance satisfactory to the Administrative Agent as may be reasonably requested by the Administrative Agent concerning construction of new vessels for the Borrowers or the Guarantors.

(e) The Parent Guarantor and the Borrowers shall promptly notify the Administrative Agent of any defaults or alleged defaults of any party with respect to any construction contract for newbuild vessels that could reasonably be expected to have a Material Adverse Effect, and thereafter keep the Administrative Agent advised of any significant developments in connection therewith.

(f) The Parent Guarantor and the Borrowers shall promptly notify the Administrative Agent of any and all Liens filed or otherwise asserted, and attachments made, against the Vessels, together with copies of all related instruments and any other materials that the Administrative Agent shall request.

(g) The Parent Guarantor and the Borrowers shall provide to the Administrative Agent upon request therefor by the Administrative Agent from time to time, evidence satisfactory to the Administrative Agent that no Change in Control has occurred.

Section 8.13 ERISA Information and Compliance. The Parent Guarantor and the Borrowers will furnish to the Administrative Agent (i) as soon as is administratively practicable following a request from the Administrative Agent copies of each annual or other report filed with the United States Secretary of Labor or the PBGC, copies of each annual and other report with respect to any Plan sponsored or maintained by either of the Borrowers, the Parent Guarantor, any Subsidiary, or any ERISA Affiliate and (ii) as soon as is administratively practicable upon becoming aware of the occurrence of any (A) ERISA Event or (B) "prohibited transaction," as such term is defined in Section 4975 of the Code, in connection with any Plan sponsored or maintained by any Parent Guarantor, either Borrower, any Subsidiary or any ERISA Affiliate that could reasonably be expected to have a Material Adverse Effect, a written notice signed by the president, the chief executive officer or the chief financial officer of the Parent Guarantor specifying the nature thereof, what action the Parent Guarantor is taking or proposes to take with respect thereto, and, when known, any action taken by the Internal Revenue Service with respect thereto. The Parent Guarantor and the Borrowers will comply with all of the applicable funding and other requirements of ERISA as such requirements relate to the Plans of the Parent Guarantor or any Subsidiary.

Section 8.14 Charters. The Borrowers and the Guarantors shall perform all of its obligations in respect of, and observe all of the terms and provisions of, any charter of a Vessel, and shall use their best efforts to keep all such agreements in full force and effect for the applicable term thereof. Notwithstanding the foregoing, no breach by the Borrowers or the Guarantors under a charter shall be a Default or Event of Default hereunder unless the result could reasonably be expected to have a Material Adverse Effect.

Section 8.15 Security. The Indebtedness shall be secured by the following:

(a) The Vessels and related Property and rights of the Borrowers or the other Loan Parties satisfying the requirements of Section 8.16 ("Vessel Collateral"),

(b) The Deposit Accounts, and

(c) Upon the formation or acquisition of any Subsidiary which results in Parent Guarantor having Subsidiaries (other than Borrowers and the then existing Guarantor Subsidiaries) with assets of $50,000,000 or more in the aggregate, or upon any Subsidiaries (other than Borrowers and the then existing Guarantor Subsidiaries) from time to time existing having assets of $50,000,000 or more in the aggregate, then such Subsidiary or Subsidiaries as are satisfactory to the Required Lenders in their sole discretion (such that the Subsidiaries, other than the Borrowers, the then existing Guarantor Subsidiaries and such Subsidiary or Subsidiaries as are satisfactory to the Required Lenders to guaranty the Indebtedness, not guarantying the Indebtedness have assets of less than $50,000,000 in the aggregate) shall guaranty the payment and performance of the Indebtedness by executing and delivering in favor of the Administrative Agent, for the ratable benefit of the Lenders, a guaranty agreement comparable to the Guaranty and Collateral Agreement but in form and substance satisfactory to the Administrative Agent and the Required Lenders. Notwithstanding the foregoing, in the event that, but for this sentence, a Subsidiary formed under the laws of a jurisdiction outside of the United States would be required to execute and deliver a guaranty, then in lieu of such guaranty the Parent Guarantor or applicable Subsidiary of Parent Guarantor that owns such foreign Subsidiary shall promptly pledge to the Administrative Agent, for the ratable benefit of the Lenders, on an equity class by equity class basis the lesser of (y) all of the equity of such class in such foreign Subsidiary that it owns or (z) sixty-five percent (65%) of the equity of such class issued and outstanding in such foreign Subsidiary (in other words, no more than sixty-five percent (65%) of each class of the foreign Subsidiary's equity issued and outstanding is to be pledged), as security for the Indebtedness (and if the pledgor is not a Borrower, such pledgor shall guaranty the Indebtedness), all pursuant to documentation in form and substance reasonably satisfactory to the Administrative Agent. Furthermore, if a Subsidiary guarantees the Debt of others, it shall also guaranty the Indebtedness on at least a pari passu basis with such other guarantee.

Section 8.16 Collateral Value. The Borrowers shall cause the fair market value of the total Vessel Collateral at all times to be greater than or equal to two hundred percent (200%) of (a) $250,000,000 prior to the delivery of the items set forth in subsections (i) and (ii) of the last paragraph of Section 2.01 and (b) the Commitments from time to time in effect after such delivery (the "Required Collateral Value"). If from time to time, in order for the Borrowers to comply with the preceding sentence, including without limitation, when a Vessel is subject to a Casualty Event, additional Vessels are required to be mortgaged in favor of the Administrative Agent for the ratable benefit of the Lenders, then (i) the Administrative Agent shall be entitled to choose in its sole and absolute discretion which additional vessel or vessels owned (subject to the next following sentence) by either Borrower, not otherwise subject to a mortgage Lien securing Debt that otherwise does not violate this Agreement, shall be so mortgaged so that the Borrowers will be in compliance with the preceding sentence (and the parties acknowledge that the Borrowers may suggest what additional vessel or vessels they would prefer but such suggestions nevertheless shall not have the effect of impairing the fact that the selection is at the Administrative Agent's sole and absolute discretion), and (ii) the applicable Borrower(s) owning such vessel(s) shall promptly supplement and amend the applicable Security Instrument and this Agreement, or enter into collateral documents, pursuant to documentation in form and substance satisfactory to the Administrative Agent, so as to grant to the Administrative Agent, for the ratable benefit of the Lenders,

Fleet Mortgage Liens (or the foreign equivalent) thereon and first priority security interests (or the foreign equivalent) in all related assets, and in connection therewith the Borrowers shall provide to the Administrative Agent evidence of insurance required under the Loan Documents and applicable Certificates of Documentation as to the Vessel Collateral and Vessel abstracts thereon showing the Fleet Mortgage as the only recorded Lien (other than Excepted Liens) thereon. If the fair market value of the Vessel Collateral is greater than the Required Collateral Value, the Borrowers shall not be entitled to the release of any Vessel Collateral without the written consent of all Lenders, which will not be unreasonably withheld. The Borrowers shall not substitute vessels (and related assets) for existing Vessels that are Vessel Collateral without the written consent of the Required Lenders, which will not be unreasonably withheld. The Administrative Agent may, but shall not be required to, accept vessels as Vessel Collateral that are flagged in countries other than the U.S. The Administrative Agent and the Lender acknowledge that, on the Effective Date and subject to receipt of the items set forth in subsections (i) and (ii) of the last paragraph of Section 2.01, the requirements of this Section 8.16 are met by providing a Lien on the Vessels set forth in Schedule 8.16 and related Vessel Collateral.

Section 8.17 Deposit Accounts. The Borrowers and the Parent Guarantor shall maintain their primary domestic deposit, collection and disbursement banking accounts with a Lender. The foregoing is not applicable to the Investment Accounts, foreign banking accounts of the Borrowers or the Parent Guarantor or other banking related products.

Section 8.18 Appraisal. At any time after the Effective Date (but in any event only four (4) times after such date but prior to the Maturity Date) the Required Lenders shall be entitled to require that the Administrative Agent obtain, or the Administrative Agent may on its own initiative obtain, Appraisals by the Surveyor with respect to the Vessel Collateral. The foregoing limitation shall not apply (a) in connection with each exercise of a Commitment Increase or (b) during the occurrence and continuance of any Default or Event of Default, in which event the Administrative Agent or the Required Lenders shall be entitled to additional Appraisals. The Borrowers shall be liable for all reasonable expenses in connection with any such Appraisals. In addition to the foregoing, the Required Lenders may from time to time in their discretion obtain further Appraisals, at the pro-rata cost and expense of all the Lenders (computed by reference to each Lender's Applicable Percentage). If Dufour, Laskay & Strouse is removed from the Administrative Agent's list of approved surveyors and a different surveyor (such surveyor to be on the Administrative Agent's approved list and selected by the Administrative Agent) appraises the Vessels at a lower amount than previously appraised, the Borrowers may, at their own cost and expense, have any other surveyor on the Administrative Agent's approved list reappraise the Vessels. The higher of the two appraisals shall be the accepted appraisal, but only if the appraisal methodology is acceptable to the Administrative Agent in its reasonable discretion.

Section 8.19 Liquidity. If the 2013 Convertible Senior Unsecured Notes remain outstanding as of April 30, 2013, then commencing on such date, the Parent Guarantor and the Borrowers shall maintain as of the end of such calendar month and each calendar month-end thereafter, Available Liquidity of $350,000,000 until the earlier of (a) the refinancing of the 2013 Convertible Senior Unsecured Notes to a date that is 91 or more days beyond the scheduled Maturity Date or (b) the Redemption of the 2013 Convertible Senior Unsecured Notes.

ARTICLE IX
Negative Covenants

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder and all other amounts payable under the Loan Documents shall have been paid in full and all Letters of Credit have expired, terminated or been cash collateralized to the reasonable satisfaction of the Issuing Lender and all LC Disbursements shall have been reimbursed, the Parent Guarantor and the Borrowers covenant and agree with the Administrative Agent and the Lenders on behalf of the Loan Parties that:

Section 9.01 Financial Covenants.

(a) Interest Coverage Ratio. The Parent Guarantor will not permit its ratio of EBITDA (without pro forma adjustments) for the period of four fiscal quarters then ending to interest expense (determined in accordance with GAAP except that the non-cash original issue discount component of interest expense related to Debt subject to APB 14 will be excluded from interest expense for purposes of this calculation) as of the last day of any fiscal quarter to be less than (i) 2.00 to 1.00 beginning with the fiscal quarter ending December 31, 2011 until the fiscal quarter ending September 30, 2012, (ii) 2.50 to 1.00 beginning with the fiscal quarter ending December 31, 2012 until the fiscal quarter ending March 31, 2013, and (iii) 3.00 to 1.00 beginning with the fiscal quarter ending June 30, 2013 until the Maturity Date.

(b) Senior Secured Leverage Ratio. The Parent Guarantor will not, as of the last day of any fiscal quarter commencing with the fiscal quarter ending September 30, 2011, permit its Senior Secured Leverage Ratio to be greater than 2.00 to 1.00.

(c) Total Debt to Capitalization Ratio. The Parent Guarantor will not, as of the last day of any fiscal quarter during the period commencing with the fiscal quarter ending September 30, 2011 and ending with the fiscal quarter ending September 30, 2012, permit its Total Debt to Capitalization Ratio to be greater than 55%.

(d) Leverage Ratio. The Parent Guarantor will not, as of the last day of any fiscal quarter commencing with the fiscal quarter ending December 31, 2012, permit its Leverage Ratio to be greater than 4.00 to 1.00.

Section 9.02 Debt. No Loan Party will create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to any Debt not permitted by the terms of the Indentures as such Indentures are amended or modified from time to time and comparable provisions of any indentures that may be entered into as a restatement, renewal, refinance or rearrangement of any of the Indentures ("Replacement Indentures") entered into from time to time ("Debt Covenant") and, for purposes of the foregoing, the provisions of the latest such Debt Covenant adopted, together with all related definitions and giving effect, if applicable, to the termination provisions upon the attainment of certain Debt ratings, are incorporated herein by reference, *mutatis mutandis*, and shall be deemed to continue in effect for the Administrative Agent's, the Issuing Lender's, the Swing Line Lender's and the Lenders' benefit as in effect on the date of the last to be terminated of the Indentures and any Replacement Indentures. The Debt issued under any Replacement Indenture or any other indenture entered into by a Loan Party from time to time must be payable in a single payment upon the Stated Maturity, such Stated Maturity may not be earlier than six months after the Maturity Date, and the covenants may not be materially more restrictive (taken as a whole) than the covenants contained in this Agreement.

Section 9.03 Liens. No Loan Party will create, incur, assume, or permit to exist any Lien on any of the Vessel Collateral or other Properties, except for the following, which shall be "Excepted Liens", provided that only the liens referred to in clauses (a) through (c) below may apply to the Vessel Collateral:

(a) Liens in the Vessel Collateral and any other Liens in favor of the Administrative Agent and the Lenders to secure the Indebtedness.

(b) Liens for taxes, assessments, or other governmental charges not yet due or which are being contested in good faith by appropriate action promptly initiated and diligently conducted, if such accrual as shall be required by GAAP shall have been made therefor.

(c) Landlords', carriers', warehousemen's, mechanics', laborers', seamen's, preferred maritime and materialmen's liens arising by law in the ordinary course of business for sums either not yet due or being contested in good faith by appropriate action promptly initiated and diligently conducted, if such accrual as shall be required by GAAP shall have been made therefor.

(d) precautionary liens on Property covered by Capital Leases.

(e) Legal or equitable encumbrances deemed to exist by reason of negative pledge covenants and other covenants or undertakings of like nature (provided, that any such covenant or undertaking shall not apply to such Loan Party's ability to grant Liens in favor of the Administrative Agent and the Lenders).

(f) Liens on Property of a Loan Party that is not Vessel Collateral, which Liens arise from a judgment or judgments against a Loan Party; provided that such Liens shall not exceed $5,000,000 in the aggregate during the term of the Loan and such Loan Party shall nevertheless diligently contest such judgment.

(g) Liens by shipyards on vessels under construction securing the obligation of a Loan Party to pay for the cost of such vessel.

(h) Liens on any Property of a Person existing at the time such Person is merged into or consolidated with any Loan Party, provided that such Liens were in existence prior to such merger or consolidation, were not created in contemplation of it and do not extend to any Property or asset of any Loan Party, other than those of the Person merged into or consolidated with any Loan Party.

(i) Liens on any Person or any Property of a Person existing at the time of acquisition thereof by any Loan Party, provided that such Liens were in existence prior to such acquisition, were not created in contemplation of such acquisition and do not extend to any Property of any Loan Party, other than such Person or such Property acquired by any Loan Party.

(j) Liens securing the performance of tenders, bids, statutory obligations, surety, appeal, return-of-the-money or performance bonds, government contracts, insurance obligations or other obligations of a like nature incurred in the ordinary course of business.

(k) Liens securing any Swap Agreements.

(l) Liens existing on the Effective Date.

(m) Liens securing Debt that is non-recourse to any Loan Party.

(n) Any interest or title of a lessor under an operating lease.

(o) Liens on Property of a Loan Party or a Subsidiary thereof to secure Debt incurred for the purpose of (i) financing all or any part of the purchase price of such Property incurred prior to, at the time of, or within 120 days after, completion of the acquisition of such Property or (ii) financing all or any part of the cost of construction or conversion of any such Property, provided that

the amount of any such financing shall not exceed the amount expended in the acquisition of, or the construction or conversion of, such Property and such Liens shall not extend to any other Property of a Loan Party or a Subsidiary thereof (other than any associated accounts, contracts and insurance proceeds).

(p) Liens securing Debt used to refinance Debt (as permitted by the Debt Covenant) which are secured by Liens referred to in (h), (i), (l) and (o) above and in this subsection (p).

(q) Liens securing Debt of any Loan Party that does not exceed $50,000,000 at any one time outstanding on Property that is not Vessel Collateral.

(r) Liens on any Property of any Loan Party that is not Vessel Collateral that were substituted or exchanged as collateral for other Properties of any Loan Party that are referred to in (h) and (i) above, provided that the fair market value of the substituted or exchanged Properties substantially approximates, at the time of the substitution or exchange, the fair market value of the other Properties so referred to.

(s) Rights of banks to setoff deposits against Debt owed to said banks.

(t) Liens upon specific items of inventory or other goods and proceeds of any Loan Party securing the Loan Party's obligations in respect of bankers' acceptances issued or created for the account of any such Person to facilitate the purchase, shipment or storage of such inventory or other goods in the ordinary course of business.

Notwithstanding any of the exceptions contained in this Section 9.03, the Indentures, Replacement Indentures or any other indenture entered into by a Loan Party may not be secured by any Liens upon any Properties of the Borrowers, the Guarantors or any of their Subsidiaries.

Section 9.04 Restricted Payments. Neither the Parent Guarantor nor the Borrowers shall, declare or make any Restricted Payments except:

(a) a Borrower shall be permitted to make cash dividends or distributions to the Parent Guarantor;

(b) stock dividends (including any rights distributed pursuant to a stockholder rights plan), stock splits and reverse stock splits with respect to the Parent Guarantor; provided, that the Parent Guarantor shall promptly notify the Administrative Agent of any such permitted dividends, splits or reverse splits;

(c) the Parent Guarantor shall be permitted to issue shares of its Equity Interests or purchase its Equity Interests for purposes of contributing such shares or selling such shares to an employee stock ownership plan sponsored by Parent Guarantor; provided, that the aggregate of such Restricted Payments during the term of the Agreement shall not exceed $25,000,000;

(d) if no Event of Default shall have occurred and be continuing, the Parent Guarantor shall be permitted to make Restricted Payments (other than "dividends or other distributions" as that terminology is contemplated in the definition of Restricted Payments) to the extent such Restricted Payments are made from the proceeds of, and reasonably contemporaneously with, any issuance of convertible Debt of the Parent Guarantor, or from any issuance of Equity Interests of the Parent Guarantor (other than Disqualified Stock); and

(e) if no Event of Default shall have occurred and be continuing, the Parent Guarantor shall be permitted to otherwise make Restricted Payments provided that (i) such Restricted Payments, together with the aggregate amount of all other Restricted Payments made by the Parent Guarantor (other than pursuant to clause (d) above) after the Effective Date is less than the sum of (A) 50% of the cumulative Consolidated Net Income of the Parent Guarantor from January 1, 2006 to the end of the most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit) plus (B) $37,500,000 and (ii) after giving pro forma effect to such Restricted Payment, the Borrowers shall have $10,000,000, if such Restricted Payment takes place prior to December 31, 2012, or $20,000,000, if such Restricted Payment takes place on or after December 31, 2012, as applicable, in the aggregate in cash or cash equivalents in the Deposit Accounts or unused availability under the Commitments or a combination of such cash and cash equivalents and such availability.

Section 9.05 Nature of Business. Neither the Parent Guarantor nor any Subsidiary will engage in any material respect in any business other than the marine vessel business, including any logistics services related thereto and any ancillary, complementary or related line of business.

Section 9.06 Mergers, Acquisitions, New Subsidiaries. No Loan Party will acquire, merge or consolidate with or into or make an Investment in any Person (other than with another Loan Party), nor will it sell, assign, lease or otherwise dispose of (whether in one transaction or in a series of transactions) any Vessel Collateral or all or substantially all of its Property (whether now owned or hereafter acquired) to any Person; provided, that

(a) a Loan Party may merge with another Person (other than with another Loan Party) if, and only if, (1) the Loan Party is the surviving entity, (2) the merging Person is primarily in the marine vessel business, including any logistics services related thereto or any ancillary, complementary or related line of business, (3) immediately preceding and after giving effect to such merger, (A) there is no Default or Event of Default and (B) the Borrowers shall have $10,000,000, if such merger takes place prior to December 31, 2012, or $20,000,000, if such merger takes place on or after December 31, 2012, as applicable, in the aggregate in cash or cash equivalents in the Deposit Accounts or unused availability under the Commitments or a combination of such cash and cash equivalents and such availability, (4) after giving effect to such merger, (A) the Parent Guarantor is in compliance (calculated with pro forma effect to such merger) with Section 9.01(b) and 9.01(d) and (B) had the merger occurred on the last day of the most recently completed fiscal quarter for which internal financial statements are available, (i) for all such fiscal quarters ending on or prior to September 30, 2012, the Senior Secured Leverage Ratio of the Parent Guarantor (on a consolidated basis with its Consolidated Subsidiaries) would be at least 0.25x below the maximum Senior Secured Leverage Ratio permitted under Section 9.01(b) for such quarter end before an Event of Default otherwise would exist thereunder or (ii) for all such fiscal quarters ending on or after December 31, 2012, the Leverage Ratio of the Parent Guarantor (on a consolidated basis with its Consolidated Subsidiaries) would be at least 0.50x below the maximum Leverage Ratio permitted under Section 9.01(d) for such quarter end before an Event of Default otherwise would exist thereunder, and (5) the Borrowers shall have provided the Administrative Agent at least fifteen (15) days advance notice of the merger and such information and materials in connection therewith that the Administrative Agent or any Lender reasonably requests. If clause (4)(B) in this Section 9.06(a) cannot be satisfied, the Loan Party can still merge with another Person (other than with another Loan Party) if the cost of acquisition of such Person (measured by the market value of the securities and other Property transferred and amount of assumed Debt) to be merged with the Loan Party does not exceed fifteen percent (15%) of Consolidated Net Tangible Assets (as of the most recently completed fiscal quarter for which internal financial statements are available) and the other requirements of this paragraph are met.

(b) a Loan Party may acquire or form a Subsidiary, make an Investment, or acquire any vessel (including barges) or other capital assets if, and only if, (1) the Subsidiary or the Investment, as applicable, is in the marine vessel business, including any logistics services related thereto or any ancillary, complementary or related line of business, (2) immediately preceding and after giving effect to such acquisition, formation or Investment, (A) there is no Default or Event of Default and (B) the Borrowers shall have $10,000,000, if such Investment takes place prior to December 31, 2012, or $20,000,000, if such Investment takes place on or after December 31, 2012, as applicable, in the aggregate in cash or cash equivalents in the Deposit Accounts or unused availability under the Commitments or a combination of such cash and cash equivalents and such availability, (3) after giving effect to such acquisition, formation or Investment, (A) the Parent Guarantor is in compliance (calculated with pro forma effect for such acquisition, formation or Investment) with Section 9.01(b) and 9.01(d) and (B) had the acquisition, formation or Investment occurred on the last day of the most recently ended fiscal quarter for which internal financial statements are available (i) for all such fiscal quarters ending on or prior to September 30, 2012, the Senior Secured Leverage Ratio of the Parent Guarantor (on a consolidated basis with its Consolidated Subsidiaries, including the new Subsidiary) would be at least 0.25x below the maximum Senior Secured Leverage Ratio permitted under Section 9.01(b) for such quarter end before an Event of Default otherwise would exist thereunder or (ii) for all such fiscal quarters ending on or after December 31, 2012, the Leverage Ratio of the Parent Guarantor (on a consolidated basis with its Consolidated Subsidiaries, including the new Subsidiary) would be at least 0.50x below the maximum Leverage Ratio permitted under Section 9.01(d) for such quarter end before an Event of Default otherwise would exist thereunder, (4) a Loan Party shall control the management and operations of such Subsidiary, (5) simultaneously with the acquisition or formation of such Subsidiary, such Subsidiary shall (if required under subsection 8.15(c) hereof) execute and deliver to the Administrative Agent, for the ratable benefit of the Lenders, a guaranty of the payment of the Indebtedness, (6) no Loan Party shall at any time be or become liable for such Subsidiary's Debts, then or thereafter arising unless such Subsidiary is a Guarantor Subsidiary, (7) except where such acquisition or formation of a Subsidiary or other acquisition shall involve in excess of fifteen percent (15%) of Consolidated Net Tangible Assets (as of the most recently completed fiscal quarter for which internal financial statements are available) in which event, prompt notice following such action shall be permissible, the Borrowers shall have provided the Administrative Agent at least fifteen (15) days advance notice of the acquisition and such information and materials in connection therewith that the Administrative Agent or any Lender reasonably requests. If clause (3)(B) in this Section 9.06(b) cannot be satisfied, the Loan Party can still acquire or form a Subsidiary or make an Investment if the cost of such acquisition, formation or Investment does not exceed fifteen percent (15%) of Consolidated Net Tangible Assets (as of most recently completed fiscal quarter for which internal financial statements are available) and the other requirements of this paragraph are met. Nothing in this Agreement is intended to prohibit any Loan Party from entering into any new construction or conversion of vessels.

If a Loan Party desires to take any action contrary to the terms of this Section 9.06(b), the Administrative Agent and the Required Lenders shall consider such action; provided, that before the Administrative Agent and the Required Lenders decide whether to consent, the Administrative Agent and the Required Lenders shall have been provided with all such information and materials that they request and had sufficient time to assess the proposed action and, further, if the Administrative Agent and the Required Lenders so consent, then the Parent Guarantor and the Borrowers and such other Persons as may be required by the Administrative Agent shall execute and deliver such documents as the Administrative Agent requires, in form and substance satisfactory to the Administrative Agent.

Section 9.07 ERISA Compliance. No Loan Party will at any time (a) permit any Plan maintained by it to engage in any "prohibited transaction" as such term is defined in Section 4975 of the Code; (b) incur any "waived funding deficiency" as such term is defined in Section 302 of ERISA; or (c) terminate any such Plan in a manner which could result in the imposition of a Lien on the Property of the Borrowers pursuant to Section 4068 of ERISA, any of which could reasonably be expected to have a Material Adverse Effect.

Section 9.08 Indentures. No Loan Party shall amend, modify, supplement, refinance or waive any of the Indentures, or enter into other documents in connection therewith, including without limitation as to any refinancing, to add any collateral thereunder, to change any of the covenants to make them more restrictive than the covenants contained in this Agreement or any of the Indentures as it exists on the date hereof, or to change the maturity, amortization and other payment schedules of the underlying loans. As to all other amendments, modifications, supplements, refinances and waivers to such documents, the Parent Guarantor and the Borrowers shall provide to the Administrative Agent an executed copy promptly after the execution and delivery thereof.

Section 9.09 Prepayment of the Indentures and Other Debt. The Parent Guarantor and the Borrowers shall not prepay any Debt, other than

(a) the Indebtedness, in accordance with this Agreement;

(b) trade payables and accruals and deferrals, in the ordinary course of business;

(c) the 2013 Convertible Senior Unsecured Notes, if on the date of such prepayment, pro forma for such prepayment, the Parent Guarantor and the Borrowers (i) have Available Liquidity of at least $100,000,000, (ii) can demonstrate in the reasonable determination of the Administrative Agent, based on good faith assumptions, that the business plan of the Parent Guarantor is fully funded for the next 4 fiscal quarters, (iii) are in pro forma compliance with the provisions of Section 9.01, and (iv) no Default or Event of Default exists or would result from such prepayment;

(d) the 2014 Senior Unsecured Notes, if on the date of such prepayment, pro forma for such prepayment, the Parent Guarantor and the Borrowers (i) have Available Liquidity of at least $100,000,000; provided, that if the date of such repayment is after April 30, 2013 and the 2013 Convertible Senior Unsecured Notes have not been (A) refinanced to a date that is 91 days beyond the scheduled Maturity Date or (B) Redeemed, then the Parent Guarantor and the Borrowers must have Available Liquidity of at least $350,000,000, (ii) can demonstrate in the reasonable determination of the Administrative Agent, based on good faith assumptions, that the business plan of the Parent Guarantor is fully funded for the next 4 fiscal quarters, (iii) are in pro forma compliance with the provisions of Section 9.01, and (iv) no Default or Event of Default exists or would result from such prepayment;

(e) as to other Debt, so long as there is no Default or Event of Default then existing and doing so would not give rise to a Default or an Event of Default and the Parent Guarantor and the Borrowers shall have $10,000,000 in the aggregate in cash or cash equivalents in the Deposit Accounts or unused availability under the Commitments or a combination of cash and cash equivalents and such availability, partial prepayments of such other Debt or the refinancing of any such other Debt in full.

Section 9.10 Loans. No Loan Party shall lend, advance, deposit with, assume, extend credit, or guarantee any money to any Person; provided, that (a) intra-company Debt outstanding at any time, owed by the Parent Guarantor, a Borrower, a Subsidiary or a less than 50%-owned Affiliate of a Loan Party to a Loan Party in connection with accounting allocations between such Persons (provided, further, that such Debt shall be unsecured and subordinated to the Indebtedness upon terms and conditions satisfactory to Administrative Agent) is permitted, (b) loans or advances by a Loan Party to another Loan

Party (provided, further, that such Debt shall be unsecured and subordinated to the Indebtedness upon terms and conditions satisfactory to Administrative Agent) are permitted, (c) loans or advances to Subsidiaries other than Guarantor Subsidiaries the outstanding amount of which does not at any time exceed, in the aggregate, $50,000,000, (d) loans or advances to officers, directors and employees of a Borrower or the Parent Guarantor made in the ordinary course of business and consistent with past practices and applicable law in an aggregate amount not to exceed $500,000 outstanding at any one time, are permitted, (e) a Loan Party may provide financing or make loans or guarantees in connection with transactions involving Parent Guarantor's Equity Interests between such Loan Party and a Parent Guarantor sponsored employee stock ownership plan, provided that the aggregate amount of such financings, loans or guarantees for all Loan Parties may not exceed $25,000,000 outstanding at any time and (f) a Loan Party may provide financing to a Person in connection with such Person acquiring an ownership interest in a Subsidiary or a less than 50%-owned Affiliate of a Loan Party (and such financing shall be for no other purpose) where such Person's ownership interest is reasonably necessary, advisable or incidental to the conduct of business by such Subsidiary or Affiliate in a jurisdiction outside of the United States (provided, further, that (i) as to such a financing provided by a Guarantor Subsidiary that does not involve a transfer of equity in such Guarantor Subsidiary and as to any such financing provided by a Loan Party, the Person acquiring the equity interest shall be acquiring it from the applicable Loan Party providing the financing, another Loan Party or a newly formed Subsidiary or Affiliate of a Loan Party, (ii) no actual funds shall transfer from the Loan Party in connection with any such financing and (iii) no such financings in the aggregate shall be with respect to more than thirty percent (30%) of the equity of any such Subsidiary or more than fifty-one percent (51%) of the equity of any such Affiliate).

Section 9.11 Proceeds of Loans. The Borrowers will not permit the proceeds of the Loans to be used for any purpose other than those permitted by Section 7.20. Neither the Borrowers nor any Person acting on behalf of the Borrowers has taken or will take any action which might cause any of the Loan Documents to violate Regulations T, U or X or any other regulation of the Board or to violate Section 7 of the Exchange Act or any rule or regulation thereunder, in each case as now in effect or as the same may hereinafter be in effect. If requested by the Administrative Agent, the Borrowers will furnish to the Administrative Agent a statement to the foregoing effect in conformity with the requirements of FR Form U-1 or such other form referred to in Regulation U, Regulation T or Regulation X of the Board, as the case may be.

Section 9.12 Transactions with Affiliates. The Parent Guarantor and the Borrowers will not, and will not permit any Subsidiary to, enter into any transaction, including, without limitation, any purchase, sale, lease or exchange of Property or the rendering of any service, with any Affiliate (other than the Loan Parties and Wholly-Owned Subsidiaries of the Borrowers or the Parent Guarantor) unless such transactions are not otherwise prohibited under this Agreement and are upon fair and reasonable terms no less favorable to the Parent Guarantor, Borrowers or such Subsidiaries than they would obtain in a comparable arm's length transaction with a Person not an Affiliate. For the avoidance of doubt, an employee stock ownership plan sponsored by Parent Guarantor shall not be an "Affiliate".

Section 9.13 Reserved.

Section 9.14 Reserved.

Section 9.15 Sale of Properties. The Parent Guarantor will not, and will not permit any of its Subsidiaries to, sell, assign, convey or otherwise transfer any Property except for (a) the sale of inventory in the ordinary course of business; (b) the sale or transfer of equipment that is no longer necessary for the business of the Parent Guarantor or such Subsidiary as determined by the Borrowers or the Parent Guarantor or is replaced by equipment of at least comparable value and use; (c) any TTB Sale (and in connection therewith clauses (i) and (ii) but not (iii) set forth in the proviso below shall be applicable);

and (d) sales or other dispositions of Property or any interest therein (other than Vessel Collateral the sale, release, substitution or other disposition of which requires the consent of all Lenders or the Required Lenders, as the case may be, as provided in Section 8.16 unless such consent has been obtained) or Subsidiaries owning Properties; *provided* that in the case of (c) and (d) above (i) not less than seventy-five percent (75%) of the consideration received in respect of such sale or other disposition shall be cash or cash equivalents (and in the case of any TTB Sale, not less than fifty percent (50%) of the consideration received in respect of such sale shall be cash or cash equivalents), (ii) the consideration received in respect of such sale or other disposition shall be equal to or greater than the fair market value of the Property or Subsidiary subject of such sale or other disposition (as reasonably determined by the board of directors of the Parent Guarantor and, if requested by the Administrative Agent, the Parent Guarantor shall deliver a certificate of a Responsible Officer of the Parent Guarantor certifying to that effect), and (iii) all such sales or other dispositions (other than a TTB Sale) of Property or Subsidiaries owning Properties does not have a fair market value in excess of twenty percent (20%) of the Consolidated Net Tangible Assets of the Parent Guarantor in any twelve (12) month period in the aggregate, determined based on the most recently reported financial position of the Parent Guarantor and its Subsidiaries on a consolidated basis as of the most recent quarter end preceding the end of such twelve (12) month period.

Section 9.16 Negative Pledge Agreements; Dividend Restrictions. The Parent Guarantor will not, and will not permit any Subsidiary to, create, incur, assume or suffer to exist any contract, agreement or understanding (other than this Agreement, the Security Instruments or Capital Leases creating Liens permitted by Section 9.03(d)) which in any way prohibits or restricts the granting, conveying, creation or imposition of any Lien on any of its Property in favor of the Administrative Agent and the Lenders or restricts any Subsidiary from paying dividends or making distributions to the Borrowers or any Guarantor, or which requires the consent of or notice to other Persons in connection therewith except for any restriction that may exist under the Indentures, any Replacement Indenture or other indenture entered into by a Loan Party.

ARTICLE X
Events of Default; Remedies

Section 10.01 Events of Default. One or more of the following events shall constitute an "Event of Default":

(a) the Borrowers shall fail to pay any principal of any Loan or any reimbursement obligation in respect of any LC Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof, by acceleration or otherwise; and (other than a payment due on the Maturity Date) such failure is not cured within three (3) Business Days after the applicable due date.

(b) the Borrowers shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in Section 10.01(a)) payable under any Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three (3) Business Days.

(c) any representation or warranty made or deemed made pursuant to Section 6.02 by or on behalf of the Parent Guarantor, either Borrower or any Subsidiary in or in connection with any Loan Document or any amendment or modification of any Loan Document or waiver under such Loan Document, or in any report, certificate, financial statement or other document furnished pursuant to any Loan Document or any amendment or modification thereof or waiver thereunder, shall prove to have been incorrect in any material adverse respect when made or deemed made pursuant to Section 6.02.

(d) either Borrower or any Guarantor shall fail to observe or perform any covenant, condition or agreement contained in Section 8.05, Section 8.08, or in Article IX.

(e) either Borrower or any Guarantor shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in Section 10.01(a), Section 10.01(b) or Section 10.01(d)) or any other Loan Document, and such failure shall continue unremedied for a period of thirty (30) days after the earlier to occur of (i) written notice thereof from the Administrative Agent to the Borrowers (which notice will be given at the request of the Required Lenders) or (ii) the chief executive officer or the chief financial officer of either Borrower or any Guarantor otherwise becoming aware of such default.

(f) either Borrower or any Guarantor shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable.

(g) any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits (after the giving of notice, the lapse of time or both) the holder or holders of such Material Indebtedness or any trustee or administrative agent on its or their behalf to cause such Material Indebtedness to become due, or to require the redemption thereof or any offer to redeem to be made in respect thereof, prior to its scheduled maturity or require either Borrower or any Guarantor to make an offer in respect thereof.

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of either Borrower or any Guarantor or its debts, or of a substantial part of its assets, under any federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for either Borrower or any Guarantor or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall be entered.

(i) either Borrower or any Guarantor shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in Section 10.01(h), (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for either Borrower or any Guarantor or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing.

(j) either Borrower or any Guarantor shall become unable, admit in writing its inability or fail generally to pay its debts as they become due.

(k) one or more judgments for the payment of money in an aggregate amount in excess of $2,000,000 (to the extent not covered by independent third party insurance provided by insurers of the highest claims paying rating or financial strength as to which the insurer does not dispute coverage and is not subject to an insolvency proceeding) shall be rendered against either

Borrower or any Guarantor or any combination thereof and the same shall remain undischarged (or Borrower and the Guarantor shall not have provided for its discharge) for a period of thirty (30) consecutive days during which execution shall not be effectively stayed and, if stayed pending appeal, for such longer period during such appeal while providing such accruals as may be required by GAAP.

(l) any material provision of the Loan Documents, after delivery thereof, shall for any reason, except to the extent permitted by the terms thereof, cease to be in full force and effect and valid, binding and enforceable in accordance with their terms against either Borrower or any Guarantor or shall be repudiated by any of them, or cease to create a valid and perfected Lien of the priority required thereby on any material part of the collateral purported to be covered thereby, (except to the extent permitted by the terms of this Agreement, or either Borrower or any Guarantor shall so state in writing) and such invalidity, lack of binding effect or priority is not cured to the Administrative Agent's satisfaction within thirty (30) days after the earliest to occur of (x) notice from the Administrative Agent concerning its belief that a material provision is not valid and binding or asserting the lack of priority of a Lien, or (y) the chief executive officer or chief financial officer of a Borrower or the Parent Guarantor otherwise becomes aware that any material provision is not valid and binding or that a Lien lacks the intended priority.

(m) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with all other ERISA Events that have occurred, has resulted in, or could reasonably be expected to result in, liability of either Borrower and any Guarantor in an aggregate amount that could reasonably be expected to have a Material Adverse Effect.

(n) a Change in Control shall occur.

(o) either Borrower or the Parent Guarantor ceases to be a citizen of the United States of America within the meaning of Title 46, Section 802 of the United States Code; or

(p) a Material Adverse Effect shall occur.

Section 10.02 Remedies.

(a) In the case of an Event of Default other than one described in Section 10.01(h), Section 10.01(i) or Section 10.01(j), at any time thereafter during the continuance of such Event of Default, the Administrative Agent may, and at the request of the Required Lenders, shall, by notice to the Borrowers, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Notes and the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrowers and the Parent Guarantors accrued hereunder and under the Notes and the other Loan Documents (including, without limitation, the payment of cash collateral to secure the LC Exposure as provided in Section 2.08(j)), shall become due and payable immediately, without presentment, demand, protest, notice of intent to accelerate, notice of acceleration or other notice of any kind, all of which are hereby waived by the Borrowers and the Parent Guarantor; and in case of an Event of Default described in Section 10.01(h), Section 10.01(i) or Section 10.01(j), the Commitments shall automatically terminate and the Notes and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and the other obligations of the Borrowers and the Parent Guarantors accrued hereunder and under the Notes and the other Loan Documents (including, without limitation, the payment of cash collateral to secure the LC Exposure as provided in Section 2.08(j)), shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrowers and the Parent Guarantor.

(b) In the case of the occurrence of an Event of Default, the Administrative Agent and the Lenders will have all other rights and remedies available at law and equity.

(c) All proceeds realized from the liquidation or other disposition of collateral or otherwise received after maturity of the Notes, whether by acceleration or otherwise, shall be applied:

(i) first, to payment or reimbursement of that portion of the Indebtedness constituting fees, expenses and indemnities payable to the Administrative Agent in its capacity as such;

(ii) second, pro rata to payment or reimbursement of that portion of the Indebtedness constituting fees, expenses and indemnities payable to the Lenders;

(iii) third, pro rata to payment of accrued interest on the Loans;

(iv) fourth, pro rata to (A) payment of principal outstanding on the Loans, (B) the payment obligations owing to an Administrative Agent, a Lender or an Affiliate of an Administrative Agent or a Lender under a Swap Agreement permitted by this Agreement and (C) to serve as cash collateral to be held by the Administrative Agent to secure the LC Exposure;

(v) fifth, pro rata to any other Indebtedness; and

(vi) sixth, any excess, after all of the Indebtedness shall have been indefeasibly paid in full in cash, shall be paid to the Borrowers or as otherwise required by any Governmental Requirement.

Section 10.03 Reserved.

Section 10.04 Acceleration of Swap Agreements. Notwithstanding anything to the contrary contained herein, acceleration and termination of the Swap Agreements involving the Administrative Agent, any Lender or the Affiliate of any Administrative Agent or Lender shall be governed by the terms of the Swap Agreements.

ARTICLE XI
The Administrative Agent

Section 11.01 Appointment; Powers. Each of the Lenders hereby appoints Wells Fargo Bank, N.A. as its Administrative Agent. Each Lender authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof and the other Loan Documents, together with such actions and powers as are reasonably incidental thereto.

Section 11.02 Duties and Obligations of the Administrative Agent. The Administrative Agent shall have no duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing (the use of the

term "Administrative Agent" herein and in the other Loan Documents with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law; rather, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties), (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except as provided in Section 11.03, and (c) except as expressly set forth herein, the Administrative Agent shall have no duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrowers, the Parent Guarantor or any of its Subsidiaries that is communicated to or obtained by the Lender serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Borrowers, the Parent Guarantor or a Lender, and shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or under any other Loan Document or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or in any other Loan Document, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, (v) the satisfaction of any condition set forth in Article VI or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent or as to those conditions precedent expressly required to be to the Administrative Agent's satisfaction, (vi) the existence, value, perfection or priority of any collateral security or the financial or other condition of the Borrowers or the Parent Guarantor and its Subsidiaries, or (vii) any failure by the Borrowers or any other Person (other than itself) to perform any of its obligations hereunder or under any other Loan Document or the performance or observance of any covenants, agreements or other terms or conditions set forth herein or therein. For purposes of determining compliance with the conditions specified in Article VI, each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received written notice from such Lender prior to the proposed Effective Date specifying its objection thereto.

Section 11.03 Action by Administrative Agent. The Administrative Agent shall have no duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise in writing as directed by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 12.02) and in all cases the Administrative Agent shall be fully justified in failing or refusing to act hereunder or under any other Loan Documents unless it shall (a) receive written instructions from the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 12.02) specifying the action to be taken and (b) be indemnified to its satisfaction by the Lenders against any and all liability and expenses which may be incurred by it by reason of taking or continuing to take any such action. The instructions as aforesaid and any action taken or failure to act pursuant thereto by the Administrative Agent shall be binding on all of the Lenders. If a Default has occurred and is continuing, then the Administrative Agent shall take such action with respect to such Default as shall be directed by the requisite Lenders in the written instructions (with indemnities) described in this Section 11.03, *provided* that, unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default as it shall deem advisable in the best interests of the applicable Lenders. In no event, however, shall the Administrative Agent be required to take any action which exposes the Administrative Agent to personal liability or which is contrary to this Agreement, the Loan Documents or applicable law. If a Default has occurred and is continuing, the Administrative Agent

shall not have any obligation to perform any act in respect thereof. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 12.02), and otherwise the Administrative Agent shall not be liable for any action taken or not taken by it hereunder or under any other Loan Document or under any other document or instrument referred to or provided for herein or therein or in connection herewith or therewith INCLUDING ITS OWN ORDINARY NEGLIGENCE, except for its own gross negligence or willful misconduct.

Section 11.04 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon, except in the case of gross negligence or willful misconduct by the Administrative Agent and each of the Borrowers, the Guarantors, the Lenders, and the Issuing Lender hereby waives the right to dispute the Administrative Agent's record of such statement absent manifest error. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrowers and the Parent Guarantor), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts. The Administrative Agent may deem and treat the payee of any Note as the holder thereof for all purposes hereof unless and until a written notice of the assignment or transfer thereof permitted hereunder shall have been filed with the Administrative Agent.

Section 11.05 Sub-Administrative Agents. The Administrative Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-Administrative Agents appointed by the Administrative Agent. The Administrative Agent and any such sub-Administrative Agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding Sections of this Article XI shall apply to any such sub-Administrative Agent and to the Related Parties of the Administrative Agent and any such sub-Administrative Agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent. Neither Borrower nor the Parent Guarantor shall be responsible for payment of fees or expenses of any such sub-Administrative Agent.

Section 11.06 Resignation or Removal of Administrative Agent. Subject to the appointment and acceptance of a successor Administrative Agent as provided in this Section 11.06, the Administrative Agent may resign at any time by notifying the Lenders, the Issuing Lender, the Borrowers and the Parent Guarantor, and the Administrative Agent may be removed at any time with or without cause by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right, in consultation with the Borrowers, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation or removal of the retiring Administrative Agent, then the retiring Administrative Agent may, on behalf of the Lenders and the Issuing Lender, appoint a successor Administrative Agent, or an Affiliate of any such Lender or such other location as approved by the Required Lenders or if no such successor shall be appointed by the retiring Administrative Agent as aforesaid, the Required Lenders shall thereafter perform all of the duties of the retiring Administrative Agent hereunder until such appointment by the Required Lenders is made and accepted. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrowers to a successor Administrative Agent shall be

the same as those payable to its predecessor unless otherwise agreed between the Borrowers and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article XI and Section 12.03 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-Administrative Agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Administrative Agent.

Section 11.07 Administrative Agents as Lenders. Each Lender serving as an Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not an Administrative Agent, and such Lender and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrowers, the Parent Guarantor or any of its Subsidiaries or other Affiliates as if it were not an Administrative Agent hereunder.

Section 11.08 No Reliance. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent, any other Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and each other Loan Document to which it is a party. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent, any other Administrative Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document, any related agreement or any document furnished hereunder or thereunder. The Administrative Agent shall not be required to keep itself informed as to the performance or observance by the Borrowers, the Parent Guarantor or any of their Subsidiaries of this Agreement, the Loan Documents or any other document referred to or provided for herein or to inspect the Property or books of the Borrowers, the Parent Guarantor or their Subsidiaries. Except for notices, reports and other documents and information expressly required to be furnished to the Lenders by the Administrative Agent hereunder, no Administrative Agent shall have any duty or responsibility to provide any Lender with any credit or other information concerning the affairs, financial condition or business of the Borrowers, the Parent Guarantor (or any of their Affiliates) which may come into the possession of such Administrative Agent or any of its Affiliates. In this regard, each Lender acknowledges that Vinson & Elkins L.L.P. is acting in this transaction as special counsel to Wells Fargo and its Affiliates only, except to the extent otherwise expressly stated in any legal opinion or any Loan Document. Each other party hereto will consult with its own legal counsel to the extent that it deems necessary in connection with the Loan Documents and the matters contemplated therein.

Section 11.09 Administrative Agent May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Borrowers, the Guarantors or any of their Subsidiaries, the Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrowers or the Guarantors) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file a proof-of-claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Indebtedness that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders and the Administrative Agent under Section 12.03) allowed in such judicial proceeding;

(b) to collect and receive any monies or other Property payable or deliverable on any such claims and to distribute the same; and

(c) and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Section 12.03.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Indebtedness or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

Section 11.10 Authority of the Administrative Agent to Release Collateral and Liens. Each Lender and the Issuing Lender hereby authorizes the Administrative Agent to release any collateral that is permitted to be sold or released pursuant to the terms of the Loan Documents. Each Lender and the Issuing Lender hereby authorizes the Administrative Agent to execute and deliver to the Borrowers, at the Borrowers' sole cost and expense, any and all releases of Liens, termination statements, assignments or other documents reasonably requested by the Borrowers in connection with any sale or other disposition of Property to the extent such sale or other disposition is permitted by the terms of Section 9.15 or is otherwise authorized by the terms of the Loan Documents.

ARTICLE XII
Miscellaneous

Section 12.01 Notices.

(a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to Section 12.01(b)), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(i) if to the Borrowers, to them at Hornbeck Offshore Services, Inc., 103 Northpark Blvd., Suite 300, Covington, LA 70433, Attention: James O. Harp, Jr., Executive Vice President and Chief Financial Officer; Telecopy No.: (985) 727-2006.

(ii) if to the Administrative Agent, to it at WFBLS Charlotte Agency Services, 1525 W WT Harris Blvd, MAC D1109-019 Charlotte, NC 28262, Attention of Diana Horn (Telecopy No. 704-590-2782), with a copy to Corbin Womac, Vice President & Relationship Manager, at 1000 Louisiana, 9th Floor, MAC T0002-090, Houston, Texas 77002, (Telecopy No. 713-739-1087);

(iii) if to the Issuing Lender, to it at WFBLS Charlotte Agency Services, 1525 W WT Harris Blvd, MAC D1109-019 Charlotte, NC 28262, Attention of Diana Horn (Telecopy No. 704-590-2782), with a copy to Corbin Womac, Vice President & Relationship Manager, at 1000 Louisiana, 9th Floor, MAC T0002-090, Houston, Texas 77002, (Telecopy No. 713-739-1087);

(iv) if to any other Lender, to it at its address (or telecopy number) set forth in Schedule 12.01(a) hereto.

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; *provided* that the foregoing shall not apply to notices pursuant to Articles II, III, IV and V unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrowers and the Parent Guarantor may, in their respective discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; *provided* that approval of such procedures may be limited to particular notices or communications.

(c) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

Section 12.02 Waivers; Amendments.

(a) No failure on the part of the Administrative Agent, the Issuing Lender or any Lender to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege, or any abandonment or discontinuance of steps to enforce such right, power or privilege, under any of the Loan Documents shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under any of the Loan Documents preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies of the Administrative Agent, the Issuing Lender and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or any other Loan Document or consent to any departure by the Borrowers therefrom shall in any event be effective unless the same shall be permitted by Section 12.02(b), and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent, the Issuing Lender or any other Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any provision hereof nor any Security Instrument nor any provision thereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrowers, the Parent Guarantor and the Required Lenders or by the Borrowers, the Parent Guarantor and the Administrative Agent with the consent of the Required Lenders; *provided that* no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon, or reduce any fees payable hereunder, or reduce any other Indebtedness hereunder or under any other Loan Document, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment or prepayment of the principal amount of any Loan or LC Disbursement, or any interest thereon, or any fees payable hereunder, or any other Indebtedness hereunder or under any other Loan Document, or reduce the amount of, waive or excuse any such payment, or postpone or extend the Maturity Date without the written consent of each Lender affected thereby, (iv) change Section 4.01(b) or Section 4.01(c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) release the Parent Guarantor (except as set forth in the Guaranty and Collateral Agreement) or release all or substantially all of the collateral (other than as provided in Section 11.10) without the written consent of each Lender, or (vi) change any of the provisions of this Section 12.02(b) or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or under any other Loan Documents or make any determination or

grant any consent hereunder or any other Loan Documents, without the written consent of each Lender; *provided* further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent or the Issuing Lender hereunder or under any other Loan Document without the prior written consent of the Administrative Agent or the Issuing Lender, as the case may be. Notwithstanding the foregoing, any supplement to Schedule 7.15 (Subsidiaries) shall be effective simply by delivering to the Administrative Agent a supplemental schedule clearly marked as such and, upon receipt, the Administrative Agent will promptly deliver a copy thereof to the Lenders. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that the Commitment of such Lender may not be increased or extended without the consent of such Lender.

Section 12.03 Expenses, Indemnity; Damage Waiver.

(a) The Borrowers shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including, without limitation, the reasonable fees, charges and disbursements of counsel and other outside consultants for the Administrative Agent, the reasonable travel, photocopy, mailing, courier, telephone and other similar expenses, and the cost of environmental audits and surveys and Appraisals, in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration (both before and after the execution hereof and including advice of counsel to the Administrative Agent as to the rights and duties of the Administrative Agent and the Lenders with respect thereto) of this Agreement and the other Loan Documents and any amendments, modifications or waivers of or consents related to the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all costs, expenses, Taxes, assessments and other charges incurred by any Administrative Agent or any Lender in connection with any filing, registration, recording or perfection of any security interest contemplated by this Agreement or any Security Instrument or any other document referred to therein, (iii) all reasonable out of pocket expenses incurred by the Issuing Lender in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder, (iv) all out-of-pocket expenses incurred by any Administrative Agent, the Issuing Lender or any Lender, including the fees, charges and disbursements of any counsel for any Administrative Agent, the Issuing Lender or any Lender, in connection with the enforcement or protection of its rights in connection with this Agreement or any other Loan Document, including its rights under this Section 12.03, and including, without limitation, all such out-of-pocket expenses incurred during any workout or restructuring in respect of such Loans or Letters of Credit.

(b) THE BORROWERS SHALL INDEMNIFY THE ADMINISTRATIVE AGENT, THE ISSUING LENDER AND EACH LENDER, AND EACH RELATED PARTY OF ANY OF THE FOREGOING PERSONS (EACH SUCH PERSON BEING CALLED AN "INDEMNITEE") AGAINST, AND HOLD EACH INDEMNITEE HARMLESS FROM, ANY AND ALL LOSSES, CLAIMS, DAMAGES, LIABILITIES AND RELATED EXPENSES, INCLUDING THE FEES, CHARGES AND DISBURSEMENTS OF ANY COUNSEL FOR ANY INDEMNITEE, INCURRED BY OR ASSERTED AGAINST ANY INDEMNITEE ARISING OUT OF, IN CONNECTION WITH, OR AS A RESULT OF (i) THE EXECUTION OR DELIVERY OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR ANY AGREEMENT OR INSTRUMENT CONTEMPLATED HEREBY OR THEREBY, THE PERFORMANCE BY THE PARTIES HERETO OR THE PARTIES TO ANY OTHER LOAN DOCUMENT OF THEIR RESPECTIVE OBLIGATIONS HEREUNDER OR THEREUNDER OR THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED HEREBY OR BY ANY OTHER LOAN DOCUMENT, (ii) THE FAILURE OF THE BORROWERS OR ANY SUBSIDIARY TO COMPLY WITH THE TERMS OF ANY LOAN DOCUMENT, INCLUDING THIS AGREEMENT, OR WITH ANY GOVERNMENTAL REQUIREMENT, (iii) ANY INACCURACY OF ANY REPRESENTATION OR ANY BREACH OF

ANY WARRANTY OR COVENANT OF THE BORROWERS OR ANY PARENT GUARANTOR SET FORTH IN ANY OF THE LOAN DOCUMENTS OR ANY INSTRUMENTS, DOCUMENTS OR CERTIFICATIONS DELIVERED IN CONNECTION THEREWITH, (iv) ANY LOAN OR LETTER OF CREDIT OR THE USE OF THE PROCEEDS THEREFROM, INCLUDING, WITHOUT LIMITATION, (A) ANY REFUSAL BY THE ISSUING LENDER TO HONOR A DEMAND FOR PAYMENT UNDER A LETTER OF CREDIT IF THE DOCUMENTS PRESENTED IN CONNECTION WITH SUCH DEMAND DO NOT STRICTLY COMPLY WITH THE TERMS OF SUCH LETTER OF CREDIT, OR (B) THE PAYMENT OF A DRAWING UNDER ANY LETTER OF CREDIT NOTWITHSTANDING THE NON-COMPLIANCE, NON-DELIVERY OR OTHER IMPROPER PRESENTATION OF THE DOCUMENTS PRESENTED IN CONNECTION THEREWITH, (v) ANY OTHER ASPECT OF THE LOAN DOCUMENTS, (vi) THE OPERATIONS OF THE BUSINESS OF THE BORROWERS, THE PARENT GUARANTOR AND THEIR SUBSIDIARIES BY THE PARENT GUARANTOR, THE BORROWERS AND THEIR SUBSIDIARIES, (vii) ANY ASSERTION THAT THE LENDERS WERE NOT ENTITLED TO RECEIVE THE PROCEEDS RECEIVED PURSUANT TO THE SECURITY INSTRUMENTS, (viii) ANY ENVIRONMENTAL LAW APPLICABLE TO THE BORROWERS, THE PARENT GUARANTOR OR ANY SUBSIDIARY OR ANY OF THEIR PROPERTIES, INCLUDING WITHOUT LIMITATION, THE PRESENCE, GENERATION, STORAGE, RELEASE, THREATENED RELEASE, USE, TRANSPORT, DISPOSAL, ARRANGEMENT OF DISPOSAL OR TREATMENT OF OIL, OIL AND GAS WASTES, SOLID WASTES OR HAZARDOUS SUBSTANCES ON ANY OF THEIR PROPERTIES, (ix) THE BREACH OR NON-COMPLIANCE BY THE BORROWERS OR ANY SUBSIDIARY WITH ANY ENVIRONMENTAL LAW APPLICABLE TO THE BORROWERS OR ANY SUBSIDIARY, (x) THE PAST OWNERSHIP BY THE BORROWERS OR ANY SUBSIDIARY OF ANY OF THEIR PROPERTIES OR PAST ACTIVITY ON ANY OF THEIR PROPERTIES WHICH, THOUGH LAWFUL AND FULLY PERMISSIBLE AT THE TIME, COULD RESULT IN PRESENT LIABILITY, (xi) THE PRESENCE, USE, RELEASE, STORAGE, TREATMENT, DISPOSAL, GENERATION, THREATENED RELEASE, TRANSPORT, ARRANGEMENT FOR TRANSPORT OR ARRANGEMENT FOR DISPOSAL OF OIL, OIL AND GAS WASTES, SOLID WASTES OR HAZARDOUS SUBSTANCES ON OR AT ANY OF THE PROPERTIES OWNED OR OPERATED BY THE BORROWERS OR ANY SUBSIDIARY OR ANY ACTUAL OR ALLEGED PRESENCE OR RELEASE OF HAZARDOUS MATERIALS ON OR FROM ANY PROPERTY OWNED OR OPERATED BY THE BORROWERS OR ANY OF THEIR SUBSIDIARIES, (xii) ANY ENVIRONMENTAL LIABILITY RELATED IN ANY WAY TO THE BORROWERS OR ANY OF THEIR SUBSIDIARIES, OR (xiii) ANY OTHER ENVIRONMENTAL, HEALTH OR SAFETY CONDITION IN CONNECTION WITH THE LOAN DOCUMENTS, OR (xiv) ANY ACTUAL OR PROSPECTIVE CLAIM, LITIGATION, INVESTIGATION OR PROCEEDING RELATING TO ANY OF THE FOREGOING, WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY AND REGARDLESS OF WHETHER ANY INDEMNITEE IS A PARTY THERETO, AND SUCH INDEMNITY SHALL EXTEND TO EACH INDEMNITEE NOTWITHSTANDING THE SOLE OR CONCURRENT NEGLIGENCE OF EVERY KIND OR CHARACTER WHATSOEVER, WHETHER ACTIVE OR PASSIVE, WHETHER AN AFFIRMATIVE ACT OR AN OMISSION, INCLUDING WITHOUT LIMITATION, ALL TYPES OF NEGLIGENT CONDUCT IDENTIFIED IN THE RESTATEMENT (SECOND) OF TORTS OF ONE OR MORE OF THE INDEMNITEES OR BY REASON OF STRICT LIABILITY IMPOSED WITHOUT FAULT ON ANY ONE OR MORE OF THE INDEMNITEES; PROVIDED THAT ANY OF THE ABOVE INDEMNITIES SHALL NOT, AS TO ANY INDEMNITEE, BE AVAILABLE TO THE EXTENT THAT SUCH LOSSES, CLAIMS, DAMAGES, LIABILITIES OR RELATED EXPENSES ARE DETERMINED BY A COURT OF COMPETENT JURISDICTION BY FINAL AND NONAPPEALABLE JUDGMENT TO HAVE RESULTED FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNITEE.

(c) To the extent that the Borrowers fail to pay any amount required to be paid by either Borrower to any Administrative Agent or the Issuing Lender under Section 12.03(a) or (b), each Lender severally agrees to pay to such Administrative Agent or the Issuing Lender, as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; *provided* that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against such Administrative Agent or the Issuing Lender in its capacity as such.

(d) To the extent permitted by applicable law, the Borrowers shall not assert, and hereby waive, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof.

(e) All amounts due under this Section 12.03 shall be payable not later than ten (10) days after written demand therefor.

Section 12.04 Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Lender that issues any Letter of Credit), except that (i) except as permitted by Section 9.12, the Borrowers may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrowers without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section 12.04. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Lender that issues any Letter of Credit), Participants (to the extent provided in Section 12.04(c)) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Issuing Lender and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans at the time owing to it) pursuant to an Assignment and Assumption Agreement substantially in the form of Exhibit G (an "Assignment") with the prior written consent of: (A) the Borrowers and the Parent Guarantor (such consent not to be unreasonably withheld) provided that no consent of the Borrowers and the Parent Guarantor shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund (as defined below) or, if an Event of Default under Section 10(a), (b), (h) or (i) has occurred and is continuing, any other Person; (B) the Administrative Agent and; (C) the Issuing Lender.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment is delivered to

the Administrative Agent) shall not be less than $5,000,000, unless each of the Borrowers, the Parent Guarantor and the Administrative Agent otherwise consent, provided that no such consent of the Borrowers and the Parent Guarantor shall be required if an Event of Default under Section 10(a), (b), (h) or (i) has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment, together with a processing and recordation fee of $3,500;

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire;

(E) notwithstanding anything to the contrary contained in this Agreement, if such Assignment is made at a time when an Event of Default has occurred and is continuing, the written consent of the Borrowers to such Assignment shall not be required; and

(F) notwithstanding anything to the contrary herein, no assignments shall be made to a Defaulting Lender or any of its Subsidiaries or Affiliates.

For purposes of this Section 12.04, "Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

(iii) Subject to Section 12.04(b)(iv) and the acceptance and recording thereof, from and after the effective date specified in each Assignment the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment, be released from its obligations under this Agreement (and, in the case of an Assignment covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Section 5.01, Section 5.02, Section 5.03 and Section 12.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 12.04 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 12.04(c)(i).

(iv) The Administrative Agent, acting for this purpose as an administrative agent of the Borrowers and the Parent Guarantor, shall maintain at one of its offices a copy of each Assignment delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans and LC Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrowers, the Administrative Agent, the Issuing Lender and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement,

notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrowers and the Parent Guarantor, the Issuing Lender and any Lender, at any reasonable time and from time to time upon reasonable prior notice. In connection with any changes to the Register, if necessary, the Administrative Agent will reflect the revisions on Annex I and forward a copy of such revised Annex I to the Borrowers, the Issuing Lender and each Lender.

(v) Upon its receipt of a duly completed Assignment executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire and applicable required tax forms (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in Section 12.04(b) and any written consent to such assignment required by Section 12.04(b), the Administrative Agent shall accept such Assignment and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register after meeting the requirements provided in this Section 12.04(b).

(c) (i) Any Lender may, without the consent of the Borrowers or the Administrative Agent or the Issuing Lender sell participations to one or more Lenders or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); *provided* that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrowers, the Administrative Agent, the Issuing Lender and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; *provided* that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the proviso to Section 12.02 that affects such Participant. In addition such agreement must provide that the Participant be bound by the provisions of Section 12.03. Subject to Section 12.04(c)(ii), the Borrowers agree that each Participant shall be entitled to the benefits of Sections 5.01, 5.02 and 5.03 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 12.04(b). To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 12.08 as though it were a Lender, provided such Participant agrees to be subject to Section 4.01(c) as though it were a Lender.

(ii) A Participant shall not be entitled to receive any greater payment under Section 5.02 or Section 5.03 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrowers' prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 5.03 unless the Borrowers are notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrowers, to comply with Section 5.03(g) as though it were a Lender.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including, without limitation, any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section 12.04(d) shall not apply to any such pledge or assignment of a security interest; *provided that* no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(e) Notwithstanding any other provisions of this Section 12.04, no transfer or assignment of the interests or obligations of any Lender or any grant of participations therein shall be permitted if such transfer, assignment or grant would require the Borrowers and the Parent Guarantors to file a registration statement with the SEC or to qualify the Loans under the "Blue Sky" laws of any state.

(f) Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver that affects such Participant. The Borrowers agrees that each Participant shall be entitled to the benefits of Section 5.01, 5.02 and 5.03 (subject to the requirements and limitations therein) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Sections 2.12 and 5.04 as if it were an assignee under paragraph (b) of this Section; and (B) shall not be entitled to receive any greater payment under Sections 5.01 or 5.03, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrowers' request and expense, to use reasonable efforts to cooperate with the Borrowers to effectuate the provisions of Section 2.12 with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section12.08 as though it were a Lender; provided that such Participant agrees to be subject to Section 4.01 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as an agent of the Borrowers, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(g) Notwithstanding anything in this Agreement to the contrary, in no event shall any Lender or Participant assign any portion of or sell any participations in its rights and obligations under this Agreement to a competitor in the marine vessel business, including any logistic services related thereto or any ancillary, complementary or related line of business, or an Affiliate of such competitor, of the Parent Guarantor, the Borrowers, or a Subsidiary. This prohibition shall be included in any documentation effecting an assignment of any interest herein or in the Notes issued hereunder and any attempted assignment in violation of this provision shall be void ab initio.

Section 12.05 Survival; Revival; Reinstatement.

(a) All covenants, agreements, representations and warranties made by the Borrowers herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any

Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, the Issuing Lender or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. The provisions of Sections 5.01, 5.02, 5.03 and 12.03 and Article XI shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement, any other Loan Document or any provision hereof or thereof.

(b) To the extent that any payments on the Indebtedness or proceeds of any collateral are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, debtor in possession, receiver or other Person under any Bankruptcy Law, common law or equitable cause, then to such extent, the Indebtedness so satisfied shall be revived and continue as if such payment or proceeds had not been received and the Administrative Agent's and the Lenders' Liens, rights, powers and remedies under this Agreement and each Loan Document shall continue in full force and effect. In such event, each Loan Document shall be automatically reinstated and the Borrowers shall take such action as may be reasonably requested by the Administrative Agent and the Lenders to effect such reinstatement.

Section 12.06 Counterparts; Integration; Effectiveness.

(a) This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract.

(b) This Agreement, the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and thereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof and thereof.

(c) Except as provided in Section 6.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 12.07 Severability. Any provision of this Agreement or any other Loan Document held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof or thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

Section 12.08 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender or Administrative Agent and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations (of whatsoever kind, including, without limitations obligations under Swap Agreements) at any time owing

by such Lender or Administrative Agent or any Affiliate of such Lender or Administrative Agent to or for the credit or the account of the Borrowers or any Guarantor against any of and all the obligations of the Borrowers or any Guarantor owed to such Lender or Administrative Agent now or hereafter existing under this Agreement or any other Loan Document, irrespective of whether or not such Lender or Administrative Agent shall have made any demand under this Agreement or any other Loan Document and although such obligations may be unmatured; provided, however, that in no event shall the Administrative Agent or any Lender be entitled to exercise any statutory or common law right of set-off in the Investment Accounts in connection with and as against the Indebtedness. The rights of each Lender or Administrative Agent under this Section 12.08 are in addition to other rights and remedies (including other rights of setoff) which such Lender or Administrative Agent or their respective Affiliates may have.

Section 12.09 GOVERNING LAW; JURISDICTION; WAIVER OF JURY TRIAL.

(a) THIS AGREEMENT AND THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS; EXCEPT THAT CHAPTER 346 OF THE TEXAS FINANCE CODE (WHICH REGULATES CERTAIN REVOLVING CREDIT LOAN ACCOUNTS AND REVOLVING TRI PARTY ACCOUNTS) SHALL NOT APPLY TO THIS AGREEMENT OR THE NOTES.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO ANY LOAN DOCUMENT SHALL BE BROUGHT IN THE COURTS OF THE STATE OF TEXAS OR OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF TEXAS, AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH PARTY HEREBY ACCEPTS FOR ITSELF AND (TO THE EXTENT PERMITTED BY LAW) IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING, WITHOUT LIMITATION, ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING IN SUCH RESPECTIVE JURISDICTIONS. THIS SUBMISSION TO JURISDICTION IS NONEXCLUSIVE AND DOES NOT PRECLUDE A PARTY FROM OBTAINING JURISDICTION OVER ANOTHER PARTY IN ANY COURT OTHERWISE HAVING JURISDICTION.

(c) EACH PARTY HEREBY (i) IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN; (ii) IRREVOCABLY WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY SUCH LITIGATION ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES, OR DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES; (iii) CERTIFIES THAT NO PARTY HERETO NOR ANY REPRESENTATIVE OR ADMINISTRATIVE AGENT OF COUNSEL FOR ANY PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, OR IMPLIED THAT SUCH PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS, AND (iv) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT, THE LOAN DOCUMENTS AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS CONTAINED IN THIS SECTION 12.09.

Section 12.10 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

Section 12.11 Confidentiality. Each of the Administrative Agent, the Issuing Lender and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and Administrative Agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement or any other Loan Document, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section 12.11, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any Swap Agreement relating to the Borrowers and their obligations, (g) with the consent of the Borrowers and the Parent Guarantor or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section 12.11 or (ii) becomes available to the Administrative Agent, the Issuing Lender or any Lender on a nonconfidential basis from a source other than the Borrowers. For the purposes of this Section 12.11, "Information" means all information received from the Borrowers, the Parent Guarantor or any Subsidiary relating to the Borrowers, the Parent Guarantor or any Subsidiary and their businesses, other than any such information that is available to the Administrative Agent, the Issuing Lender or any Lender on a nonconfidential basis prior to disclosure by the Borrowers, the Parent Guarantor or a Subsidiary; *provided* that, in the case of information received from the Borrowers, the Parent Guarantor or any Subsidiary after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section 12.11 shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Section 12.12 Interest Rate Limitation. It is the intention of the parties hereto that each Lender shall conform strictly to usury laws applicable to it. Accordingly, if the transactions contemplated hereby would be usurious as to any Lender under laws applicable to it (including the laws of the United States of America and the State of Texas or any other jurisdiction whose laws may be mandatorily applicable to such Lender notwithstanding the other provisions of this Agreement), then, in that event, notwithstanding anything to the contrary in any of the Loan Documents or any agreement entered into in connection with or as security for the Notes, it is agreed as follows: (i) the aggregate of all consideration which constitutes interest under law applicable to any Lender that is contracted for, taken, reserved, charged or received by such Lender under any of the Loan Documents or agreements or otherwise in connection with the Notes shall under no circumstances exceed the maximum amount allowed by such applicable law, and any excess shall be canceled automatically and if theretofore paid shall be credited by such Lender on the principal amount of the Indebtedness (or, to the extent that the principal amount of the Indebtedness shall have been or would thereby be paid in full, refunded by such Lender to the Borrowers); and (ii) in the event that the maturity of the Notes is accelerated by reason of an election of the holder thereof resulting from any Event of Default under this Agreement or otherwise, or in the event of any required or permitted prepayment, then such consideration that constitutes interest under law applicable to any Lender may never include more than the maximum amount allowed by such applicable law, and excess interest, if any, provided for in this Agreement or otherwise shall be canceled automatically by such Lender as of the date of such acceleration or prepayment and, if theretofore paid, shall be credited by such Lender on the

principal amount of the Indebtedness (or, to the extent that the principal amount of the Indebtedness shall have been or would thereby be paid in full, refunded by such Lender to the Borrowers). All sums paid or agreed to be paid to any Lender for the use, forbearance or detention of sums due hereunder shall, to the extent permitted by law applicable to such Lender, be amortized, prorated, allocated and spread throughout the stated term of the Loans evidenced by the Notes until payment in full so that the rate or amount of interest on account of any Loans hereunder does not exceed the maximum amount allowed by such applicable law. If at any time and from time to time (i) the amount of interest payable to any Lender on any date shall be computed at the Highest Lawful Rate applicable to such Lender pursuant to this Section 12.12 and (ii) in respect of any subsequent interest computation period the amount of interest otherwise payable to such Lender would be less than the amount of interest payable to such Lender computed at the Highest Lawful Rate applicable to such Lender, then the amount of interest payable to such Lender in respect of such subsequent interest computation period shall continue to be computed at the Highest Lawful Rate applicable to such Lender until the total amount of interest payable to such Lender shall equal the total amount of interest which would have been payable to such Lender if the total amount of interest had been computed without giving effect to this Section 12.12. To the extent that Chapter 303 of the Texas Finance Code is relevant for the purpose of determining the Highest Lawful Rate applicable to a Lender, such Lender elects to determine the applicable rate ceiling under such Chapter by the weekly ceiling from time to time in effect. Chapter 346 of the Texas Finance Code does not apply to the Borrowers' obligations hereunder.

Section 12.13 EXCULPATION PROVISIONS. EACH OF THE PARTIES HERETO SPECIFICALLY AGREES THAT IT HAS A DUTY TO READ THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS AND AGREES THAT IT IS CHARGED WITH NOTICE AND KNOWLEDGE OF THE TERMS OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS; THAT IT HAS IN FACT READ THIS AGREEMENT AND IS FULLY INFORMED AND HAS FULL NOTICE AND KNOWLEDGE OF THE TERMS, CONDITIONS AND EFFECTS OF THIS AGREEMENT; THAT IT HAS BEEN REPRESENTED BY INDEPENDENT LEGAL COUNSEL OF ITS CHOICE THROUGHOUT THE NEGOTIATIONS PRECEDING ITS EXECUTION OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS; AND HAS RECEIVED THE ADVICE OF ITS LEGAL COUNSEL IN ENTERING INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS; AND THAT IT RECOGNIZES THAT CERTAIN OF THE TERMS OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS RESULT IN ONE PARTY ASSUMING THE LIABILITY INHERENT IN SOME ASPECTS OF THE TRANSACTION AND RELIEVING THE OTHER PARTY OF ITS RESPONSIBILITY FOR SUCH LIABILITY. EACH PARTY HERETO AGREES AND COVENANTS THAT IT WILL NOT CONTEST THE VALIDITY OR ENFORCEABILITY OF ANY EXCULPATORY PROVISION OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS ON THE BASIS THAT THE PARTY HAD NO NOTICE OR KNOWLEDGE OF SUCH PROVISION OR THAT THE PROVISION IS NOT "CONSPICUOUS."

Section 12.14 Collateral Matters; Swap Agreements. The benefit of the Security Instruments and of the provisions of this Agreement relating to any collateral securing the Indebtedness shall also extend to and be available to those Lenders, Administrative Agents or their Affiliates which are counterparties to any Swap Agreement with the Borrowers, the Parent Guarantor or any of their Subsidiaries on a pro rata basis in respect of any obligations of the Borrowers, the Parent Guarantor or any of their Subsidiaries which arise under any such Swap Agreement while such Person or its Affiliate is a Lender or Administrative Agent, but only while such Person or its Affiliate is a Lender or Administrative Agent, including any Swap Agreements between such Persons in existence prior to the date hereof. No Lender or Administrative Agent or any Affiliate of a Lender shall have any voting rights under any Loan Document as a result of the existence of obligations owed to it under any such Swap Agreements.

Section 12.15 No Third Party Beneficiaries. This Agreement, the other Loan Documents, and the agreement of the Lenders to make Loans and the Issuing Lender to issue, amend, renew or extend Letters of Credit hereunder are solely for the benefit of the Borrowers, the Parent Guarantor and no other Person (including, without limitation, any Subsidiary of the Borrowers, any Subsidiary of the Guarantors, any obligor, contractor, subcontractor, supplier or materialsman) shall have any rights, claims, remedies or privileges hereunder or under any other Loan Document against the Administrative Agent, the Issuing Lender or any Lender for any reason whatsoever. There are no third party beneficiaries other than the Parent Guarantor.

Section 12.16 Electronic Communications.

(a) The Borrowers and the Parent Guarantor hereby agree that, unless otherwise requested by the Administrative Agent, each will provide to the Administrative Agent all information, documents and other materials that it is obligated to furnish to the Administrative Agent pursuant to the Loan Documents, including, without limitation, all notices, requests, financial statements, financial and other reports, certificates and other information materials, but excluding any such communication that (i) relates to a request for a new, or a conversion of an existing, Borrowing or other extension of credit (including any election of an interest rate or interest period relating thereto), (ii) relates to the payment of any principal or other amount due under this Agreement prior to the scheduled date therefor, (iii) provides notice of any Default or Event of Default under this Agreement, (iv) is required to be delivered to satisfy any condition precedent to the effectiveness of this Agreement and/or any Borrowing or other extension of credit hereunder or (v) initiates or responds to legal process (all such non-excluded information being referred to herein collectively as the "Communications") by transmitting the Communications in an electronic/soft medium (provided such Communications contain any required signatures) in a format acceptable to the Administrative Agent, to both Corbin Womac at corbin.m.womac@wellsfargo.com and Diana Horn at diana.horn@wellsfargo.com (or such other e-mail address designated by the Administrative Agent from time to time).

(b) Each party hereto agrees that the Administrative Agent may make the Communications available to the Lenders and the Issuing Lender by posting the Communications on IntraLinks or another relevant website, if any, to which each Lender, the Issuing Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent) (the "Platform"). Nothing in this Section 12.16 shall prejudice the right of the Administrative Agent to make the Communications available to the Lenders and the Issuing Lender in any other manner specified in the Loan Documents.

(c) The Borrowers hereby acknowledge that certain of the Lenders may be "public-side" Lenders (i.e., Lenders that do not wish to receive material non-public information with respect to the Borrowers or their securities) (each, a "Public Lender"). The Borrowers hereby agree that (i) Communications that are to be made available on the Platform to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof, (ii) by marking Communications "PUBLIC," the Borrowers shall be deemed to have authorized the Administrative Agents, the Issuing Lender and the Lenders to treat such Communications as either publicly available information or not material information (although it may be sensitive and proprietary) with respect to the Borrowers or their securities for purposes of United States federal and state securities laws, (iii) all Communications marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Lender," and (iv) the Administrative Agents shall be entitled to treat any Communications that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Lender."

(d) Each Lender agrees that e-mail notice to it (at the address provided pursuant to the next sentence and deemed delivered as provided in the next paragraph) specifying that Communications have been posted to the Platform shall constitute effective delivery of such Communications to such Lender for purposes of the Loan Documents. Each Lender agrees (i) to notify the Administrative Agent in writing (including by electronic communication) from time to time to ensure that the Administrative Agent has on record an effective e-mail address for such Lender to which the foregoing notice may be sent by electronic transmission and (ii) that the foregoing notice may be sent to such e-mail address.

(e) Each party hereto agrees that any electronic communication referred to in this Section 12.16 shall be deemed delivered upon the posting of a record of such communication (properly addressed to such party at the e-mail address provided to the Administrative Agent) as "sent" in the e-mail system of the sending party or, in the case of any such communication to the Administrative Agent, upon the posting of a record of such communication as "received" in the e-mail system of the Administrative Agent; *provided* that if such communication is not so received by the Administrative Agent during the normal business hours of the Administrative Agent, such communication shall be deemed delivered at the opening of business on the next Business Day for the Administrative Agent.

(f) Each party hereto acknowledges that (i) the distribution of material through an electronic medium is not necessarily secure and that there are confidentiality and other risks associated with such distribution, (ii) the Communications and the Platform are provided "as is" and "as available," (iii) none of the Administrative Agents, their affiliates nor any of their respective officers, directors, employees, Administrative Agents, advisors or representatives (collectively, the "Administrative Agent Parties") warrants the adequacy, accuracy or completeness of the Communications or the Platform, and each Administrative Agent Party expressly disclaims liability for errors or omissions in any Communications or the Platform, and (iv) no warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third party rights or freedom from viruses or other code defects, is made by any Administrative Agent Party in connection with any Communications or the Platform.

Section 12.17 USA Patriot Act Notice. Each Lender hereby notifies the Borrowers that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the Borrowers, which information includes the name and address of the Borrowers and other information that will allow such Lender to identify the Borrowers in accordance with the Act.

Section 12.18 Existing Credit Agreement. On the date of this Agreement, the Existing Credit Agreement shall be amended and restated in its entirety by this Agreement, and the Existing Credit Agreement shall be replaced hereby; provided that the Borrowers, the Administrative Agent and the Lenders agree that on the date of the initial funding of Loans hereunder, the loans and other Indebtedness of the Borrowers under the Existing Credit Agreement, if applicable, shall be renewed, rearranged, modified and extended with the proceeds of the initial funding and the "Commitments" of the lenders under the Existing Credit Agreement shall be superseded by this Agreement and terminated. This Agreement is not in any way intended to constitute a novation of the obligations and liabilities existing under the Existing Credit Agreement or evidence payment of all or any portion of such obligations and liabilities. The terms and conditions of this Agreement and the Administrative Agent's, the Lenders', the Swing Line Lender's and the Issuing Lenders' rights and remedies under this Agreement and the other Loan Documents shall apply to all of the Indebtedness incurred under the Existing Credit Agreement. The undersigned hereby waive (i) any right to receive any notice of such termination, (ii) any right to receive any notice of prepayment of amounts owed under the Existing Credit Agreement, and (iii) any right to receive compensation under the Existing Credit Agreement in respect of Eurodollar Loans outstanding under the Existing Credit Agreement resulting from such rearrangement. Each Lender that was a party to the Existing Credit Agreement hereby agrees to return to the Borrowers, with reasonable promptness, any promissory note delivered by the Borrowers to such Lender in connection with the Existing Credit Agreement.

Section 12.19 Reallocation of Commitments.

(a) For an agreed consideration, each Lender (individually an "Assignor" and collectively, the "Assignors") hereby irrevocably sells and assigns, severally and not jointly, (i) all of such Assignor's rights and obligations in its capacity as Lender under the Existing Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to its Commitment and Credit Exposure, as the case may be, identified in Annex II attached hereto and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of such Assignor (in its capacity as Lender) against any Person, whether known or unknown, arising under or in connection with the Existing Credit Agreement, any other documents or instruments delivered pursuant thereto or the transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively for all Assignors as the "Assigned Interests") to the Lenders (individually, an "Assignee" and, collectively, the "Assignees") set forth on Annex I hereto (which shall replace the Annex I to the Existing Credit Agreement as of the Effective Date), and each Assignee hereby irrevocably purchases and assumes from each Assignor such Assignee's percentage (as set forth on Annex I) of the Assigned Interests, subject to and in accordance with this Agreement, as of the Effective Date. Such sale and assignment is without recourse to the Assignors and, except as expressly provided in this Agreement, without representation or warranty by the Assignors.

(b) From and after the Effective Date, the Administrative Agent shall distribute all payments in respect of the Assigned Interests (including payments of principal, interest, fees and other amounts) to the appropriate Assignors for amounts which have accrued to but excluding the Effective Date and to the appropriate Assignees for amounts which have accrued from and after the Effective Date.

[SIGNATURES BEGIN NEXT PAGE]

The parties hereto have caused this Amended and Restated Credit Agreement to be duly executed as of the day and year first above written.

BORROWERS:

HORNBECK OFFSHORE SERVICES, LLC

By: /s/ James O. Harp, Jr.
James O. Harp, Jr.
Executive Vice President and
Chief Financial Officer

HORNBECK OFFSHORE TRANSPORTATION, LLC

By: /s/ James O. Harp, Jr.
James O. Harp, Jr.
Executive Vice President and
Chief Financial Officer

PARENT GUARANTOR:

HORNBECK OFFSHORE SERVICES, INC.

By: /s/ James O. Harp, Jr.
James O. Harp, Jr.
Executive Vice President and
Chief Financial Officer

ADMINISTRATIVE AGENT:

WELLS FARGO BANK, N.A.

By: /s/ Philip C. Lauinger III
Name: Philip C. Lauinger III
Title: Managing Director

LENDERS:

WELLS FARGO BANK, N.A.

By: /s/ Philip C. Lauinger III
Name: Philip C. Lauinger III
Title: Managing Director

COMERICA BANK

By: /s/ Gary Culbertson
Name: Gary Culbertson
Title: Vice President

AMEGY BANK N.A.

By: /s/ G. Scott Collins
Name: G. Scott Collins
Title: Senior Vice President

DNB NOR BANK ASA

By: /s/ Barbara Gronquist
Name: Barbara Gronquist
Title: Senior Vice President

By: /s/ Stian Løvseth
Name: Stian Løvseth
Title: Vice President

JPMORGAN CHASE BANK, N.A.

By: /s/ Donald K. Hunt
Name: Donald K. Hunt
Title: Officer

CAPITAL ONE, N.A.

By: /s/ Mark Preston
Name: Mark Preston
Title: Vice President

WHITNEY BANK

By: /s/ Eric B. Goebel
Name: Eric B. Goebel
Title: Vice President

BARCLAYS BANK PLC

By: /s/ Vanessa A. Kurbatskiy
Name: Vanessa A. Kurbatskiy
Title: Vice President

EXHIBIT 31.1

CERTIFICATION

I, Todd M. Hornbeck, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hornbeck Offshore Services, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2011

/s/ Todd M. Hornbeck
Todd M. Hornbeck
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, James O. Harp, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hornbeck Offshore Services, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2011

/s/ James O. Harp, Jr

James O. Harp, Jr.
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Hornbeck Offshore Services, Inc., a Delaware corporation (the "Company"), on Form 10-Q for the quarter ended September 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Todd M. Hornbeck, Chairman, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 7, 2011

/s/ Todd M. Hornbeck
Todd M. Hornbeck
Chairman, President and Chief Executive Officer

EXHIBIT 32.2

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Hornbeck Offshore Services, Inc., a Delaware corporation (the "Company"), on Form 10-Q for the quarter ended September 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James O. Harp, Jr., Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 7, 2011

/s/ James O. Harp, Jr.
James O. Harp, Jr.
Executive Vice President and Chief Financial Officer