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

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**FORM 10-Q**

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

For the quarterly period ended March 31, 2008

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

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**Hornbeck Offshore Services, Inc.**

(Exact Name of Registrant as Specified in Its Charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**72-1375844**  
(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)

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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 is a large accelerated filer, an accelerated filer, or 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. (Check one):

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 April 30, 2008 was 26,012,475.

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[Table of Contents](#)

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES  
FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2008  
TABLE OF CONTENTS

<a href="#">PART I—FINANCIAL INFORMATION</a>	1
<a href="#">Item 1—Financial Statements</a>	1
<a href="#">Item 2—Management’s Discussion and Analysis of Financial Condition and Results of Operations</a>	13
<a href="#">General</a>	13
<a href="#">Critical Accounting Policies</a>	15
<a href="#">Results of Operations</a>	15
<a href="#">Three Months Ended March 31, 2008 Compared to Three Months Ended March 31, 2007</a>	19
<a href="#">Liquidity and Capital Resources</a>	21
<a href="#">Contractual Obligations</a>	23
<a href="#">Forward Looking Statements</a>	25
<a href="#">Item 3—Quantitative and Qualitative Disclosures About Market Risk</a>	26
<a href="#">Item 4—Controls and Procedures</a>	27
<a href="#">PART II—OTHER INFORMATION</a>	28
<a href="#">Item 1—Legal Proceedings</a>	28
<a href="#">Item 1A—Risk Factors</a>	28
<a href="#">Item 2—Unregistered Sales of Equity Securities and Use of Proceeds</a>	28
<a href="#">Item 3—Defaults Upon Senior Securities</a>	28
<a href="#">Item 4—Submission of Matters to a Vote of Security Holders</a>	28
<a href="#">Item 5—Other Information</a>	28
<a href="#">Item 6—Exhibits</a>	29
<a href="#">SIGNATURE</a>	32

## PART I—FINANCIAL INFORMATION

## Item 1—Financial Statements

**HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(DOLLARS AND SHARES IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	March 31, 2008	December 31, 2007
	(Unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 51,207	\$ 173,552
Accounts receivable, net of allowance for doubtful accounts of \$1,151 and \$1,048, respectively	67,401	77,647
Other current assets	13,510	9,386
Total current assets	132,118	260,585
Property, plant and equipment, net	1,110,369	953,210
Deferred charges, net	37,415	40,522
Other assets	20,159	7,734
Total assets	<u>\$ 1,300,061</u>	<u>\$ 1,262,051</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 16,433	\$ 16,169
Accrued interest	7,732	2,088
Accrued payroll and benefits	7,541	10,777
Deferred revenue	4,909	8,032
Other accrued liabilities	11,041	9,253
Total current liabilities	47,656	46,319
Long-term debt, net of original issue discount of \$439 and \$453, respectively.	549,561	549,547
Deferred tax liabilities, net	110,632	101,094
Other liabilities	2,630	2,777
Total liabilities	710,479	699,737
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, 25,812 and 25,760 shares issued and outstanding, respectively	258	257
Additional paid-in capital	338,677	334,494
Retained earnings	250,432	227,349
Accumulated other comprehensive income	215	214
Total stockholders' equity	589,582	562,314
Total liabilities and stockholders' equity	<u>\$ 1,300,061</u>	<u>\$ 1,262,051</u>

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

**HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(DOLLARS AND SHARES IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)**

	Three Months Ended March 31,	
	2008 (Unaudited)	2007
Revenues	\$ 97,521	\$68,091
Costs and expenses:		
Operating expenses	39,795	27,103
Depreciation	7,462	4,807
Amortization	4,727	2,380
General and administrative expenses	8,577	7,447
	<u>60,561</u>	<u>41,737</u>
Loss on sale of assets	—	(10)
Operating income	36,960	26,344
Other income (expense):		
Interest income	992	6,008
Interest expense	(1,840)	(4,905)
Other income, net	13	5
	<u>(835)</u>	<u>1,108</u>
Income before income taxes	36,125	27,452
Income tax expense	(13,042)	(9,967)
Net income	<u>\$ 23,083</u>	<u>\$17,485</u>
Basic earnings per common share	<u>\$ 0.90</u>	<u>\$ 0.68</u>
Diluted earnings per common share	<u>\$ 0.86</u>	<u>\$ 0.67</u>
Weighted average basic shares outstanding	<u>25,783</u>	<u>25,583</u>
Weighted average diluted shares outstanding	<u>26,938</u>	<u>26,125</u>

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

**HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(DOLLARS IN THOUSANDS)**

	Three Months Ended March 31,	
	2008	2007
(Unaudited)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 23,083	\$ 17,485
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	7,462	4,807
Amortization	4,727	2,380
Stock-based compensation expense	2,969	1,745
Provision for bad debts	103	(193)
Deferred tax expense	9,756	9,592
Amortization of financing costs	529	486
Loss on sale of assets	—	10
Equity in income from investment	(25)	(35)
Changes in operating assets and liabilities:		
Accounts receivable	10,117	4,079
Other current assets	966	(3,937)
Deferred drydocking charges	(4,068)	(6,093)
Accounts payable	1,045	2,041
Accrued liabilities and other liabilities	(3,725)	(6,948)
Accrued interest	5,643	5,627
Net cash provided by operating activities	<u>58,582</u>	<u>31,046</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Costs incurred for MPSV program	(110,691)	(29,607)
Costs incurred for OSV newbuild program #4	(36,566)	(8,120)
Costs incurred for TTB newbuild program #2	(4,069)	(14,518)
Vessel capital expenditures	(8,015)	(1,619)
Non-vessel capital expenditures	(22,158)	(946)
Net cash used in investing activities	<u>(181,499)</u>	<u>(54,810)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Deferred financing costs	—	(204)
Net cash proceeds from other shares issued	571	108
Net cash provided by (used in) financing activities	571	(96)
Effects of exchange rate changes on cash	1	—
Net decrease in cash and cash equivalents	(122,345)	(23,860)
Cash and cash equivalents at beginning of period	173,552	474,261
Cash and cash equivalents at end of period	<u>\$ 51,207</u>	<u>\$450,401</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW ACTIVITIES:</b>		
Cash paid for interest	<u>\$ 50</u>	<u>\$ 47</u>
Cash paid for taxes	<u>\$ 3,285</u>	<u>\$ —</u>

The accompanying notes are an integral part of these consolidated financial 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 quarterly financial statements should be read in conjunction with the 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, 2007. The results of operations for the three month period ended March 31, 2008 are not necessarily indicative of the results that may be expected for the year ended December 31, 2008.

The consolidated balance sheet at December 31, 2007 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.

**2. Earnings Per Share**

Basic earnings per share of common stock was calculated by dividing net income applicable to common stock by the weighted average number of common shares outstanding. Unvested restricted stock is excluded from weighted average number of common shares outstanding for the periods presented. Diluted earnings per share of common stock was calculated by dividing net income by the weighted average number of common shares outstanding during the period plus the effect of dilutive stock options and unvested restricted stock. 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 provides details regarding the Company's earnings per share (in thousands, except for per share data):

	Three Months Ended	
	March 31,	
	2008	2007
Net income	\$ 23,083	\$ 17,485
Weighted average number of shares of common stock outstanding	25,783	25,583
Add: Net effect of dilutive stock options and unvested restricted stock (1)(2)(3)	1,155	542
Adjusted weighted average number of shares of common stock outstanding	26,938	26,125
Earnings per common share:		
Basic	\$ 0.90	\$ 0.68
Diluted	\$ 0.86	\$ 0.67

1) Stock options representing rights to acquire 67 and 346 shares of common stock for the three months ended March 31, 2008 and 2007, respectively, were excluded from the calculation of diluted earnings per share, because the effect was antidilutive after considering the exercise price of the options in comparison to the average market price, proceeds from exercise, taxes, and related unamortized compensation.

**HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

- 2) Dilutive restricted stock is expected to fluctuate from quarter to quarter depending on the relative stock price performance ranking among the Company's peers and pre-determined internal target performance criteria. See Note 5 for further information regarding the Company's restricted stock awards.
- 3) As of March 31, 2008 and 2007, 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. See Note 4 for further information.

**3. Recent Accounting Pronouncements**

In September 2006, the Financial Accounting Standards Board, or FASB, issued FASB Statement No. 157, "Fair Value Measurements", or SFAS 157, which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. This statement is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. The adoption of this standard, on January 1, 2008, did not have a material effect on the Company's results of operations or financial position.

During the third quarter of 2007, the FASB proposed FASB Staff Position (FSP) APB 14-A, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)." This proposal would specify that convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement) are not addressed by paragraph 12 of APB Opinion No. 14, "Accounting for Convertible Debt and Debt Issued with Stock Purchase Warrants." In general, paragraph 12 of Opinion 14 precludes considering cash proceeds from the issuance of specified types of convertible debt instruments as attributable to the conversion feature. This FSP nullifies EITF No. 90-19, "Convertible Bonds with Issuer Option to Settle for Cash upon Conversion," and EITF No. 03-7, "Accounting for the Settlement of the Equity-Settled Portion of a Convertible Debt Instrument That Permits or Requires the Conversion Spread to Be Settled in Stock (Instrument C of Issue No. 90-19)."

The FSP would require that the liability and equity components of a convertible debt instrument within the scope of the FSP be accounted for separately so that the entity's accounting will reflect additional non-cash interest expense to match the nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. This FSP was issued on August 31, 2007 and had a 45-day comment period that ended on October 15, 2007. The final FSP is expected to be applied retrospectively to all periods and will be effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. In the first quarter of 2008, the FASB reaffirmed the scope and measurement guidance of the proposed FSP and the final FSP is expected to be issued during the second quarter of 2008. We are currently evaluating the impact of this proposed FSP on our prior and future operating results.

**4. Long-Term Debt**

***Revolving Credit Facility***

On September 27, 2006, the Company closed on a five-year senior secured \$100.0 million revolving credit facility with an accordion feature that allowed for the expansion of the

**HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

facility up to an aggregate of \$250.0 million. On February 20, 2008, the Company exercised its accordion feature in full and increased the undrawn borrowing base of its revolving credit facility from \$100.0 million to \$250.0 million. In accordance with the terms of the expanded facility, the Company pledged an additional 16 new generation offshore supply vessels, or OSVs, as collateral commensurate with the higher borrowing base. As of March 31, 2008, twenty-four new generation OSVs and four ocean-going tugs and associated personalty collateralized the facility. The revolving credit facility is available for working capital and general corporate purposes, including acquisitions, additional newbuild and conversion programs and other capital expenditures. As of March 31, 2008, the Company had posted \$0.4 million in letters of credit and had \$249.6 million of credit immediately available under its revolving credit facility. There were no amounts drawn on either of the letters of credit or the revolving credit facility as of March 31, 2008.

**Senior Notes**

On November 23, 2004, the Company issued in a private placement \$225.0 million in aggregate principal amount of 6.125% senior unsecured notes, or senior notes, governed by an indenture, or the 2004 indenture. The net proceeds to the Company from the private placement were approximately \$219.0 million, net of transaction costs. The effective interest rate on the senior notes is 6.38%.

On October 4, 2005, the Company issued in a private placement an additional \$75.0 million in aggregate principal amount of 6.125% senior unsecured notes, or additional notes, governed by the 2004 indenture. The additional notes were priced at 99.25% of principal amount to yield 6.41%. The net proceeds to the Company from this private placement were approximately \$73.1 million, net of transaction costs. The senior notes and additional notes mature on December 1, 2014 and require semi-annual interest payments at a fixed interest rate of 6.125% per year on June 1 and December 1 of each year until maturity. No principal payments are due until maturity.

The credit agreement governing the revolving credit facility and the 2004 indenture impose certain operating and financial restrictions on the Company. Such restrictions affect, and in many cases limit or prohibit, among other things, the Company's ability to incur additional indebtedness, make capital expenditures, redeem equity, create liens, sell assets and make dividend or other restricted payments.

**Convertible Senior Notes**

On November 13, 2006, the Company completed a private placement of \$250.0 million of its 1.625% convertible senior unsecured notes due 2026, or the convertible notes. The convertible notes initially bear interest at a fixed rate of 1.625% per year, declining to 1.375% beginning on November 15, 2013, payable semi-annually on May 15 and November 15 of each year. The convertible notes are convertible into shares of the Company's common stock based on the applicable conversion rate only upon the occurrence of certain events as defined in the indenture governing such convertible notes. The initial conversion rate of 20.6260 shares of



**HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

common stock per \$1,000 principal amount of convertible notes corresponds to a conversion price of approximately \$48.48 per share, which was a 37.5% premium over the closing price of the Company's common shares on The New York Stock Exchange on November 7, 2006 of \$35.26. As of March 31, 2008, the Company's closing share price was \$45.67.

In connection with the sale of the convertible notes, the Company entered into convertible note hedge transactions with respect to its common stock with Jefferies International Limited, Bear Stearns International Limited and AIG-FP Structured Finance (Cayman) Limited, or the counterparties. Each of the convertible note hedge transactions involves the purchase of call options with exercise prices equal to the conversion price of the convertible notes, and are intended to mitigate dilution to the Company's stockholders upon the potential future conversion of the convertible notes. Under the convertible note hedge transactions, the counterparties are required to deliver to the Company the number of shares of the Company's common stock that the Company is obligated to deliver to the holders of the convertible notes with respect to any such conversion. The convertible note hedge transactions cover approximately the same number of shares of the Company's common stock underlying the convertible notes, subject to customary anti-dilution adjustments, at a strike price of approximately \$48.48 per share of common stock. The convertible note hedge transactions expire at the close of trading on November 15, 2013, which is the date that the convertible notes are first puttable by the convertible noteholders, although the counterparties will have ongoing obligations with respect to convertible notes properly converted on or prior to that date of which the counterparty has been timely notified.

The Company also entered into separate warrant transactions, whereby the Company sold to the counterparties warrants to acquire approximately the same number of shares of its common stock underlying the convertible notes, subject to customary anti-dilution adjustments, at a strike price of \$62.59 per share of common stock, which represented a 77.5% premium over the closing price of the Company's shares of common stock on November 7, 2006. If the counterparties exercise the warrants, the Company will have the option to settle in cash or shares of its common stock equal to the difference between the then market price and strike price. The convertible note hedge and warrant transactions are separate and legally distinct instruments that bind the Company and the counterparties and have no binding effect on the holders of the convertible notes.

***Capitalized Interest***

Interest expense excludes capitalized interest related to the construction or conversion of vessels in the approximate amounts of \$4.4 million and \$1.3 million for the three months ended March 31, 2008 and 2007, respectively.

**5. Stock-Based Compensation**

***Incentive Compensation Plan***

The Company has an incentive compensation plan covering a maximum of 3.5 million shares of common stock that allows the Company to grant stock options, restricted stock

**HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

awards and restricted stock unit awards, or collectively restricted stock, and stock appreciation rights to employees and directors.

During the three months ended March 31, 2008 and 2007, the Company granted performance-based and time-based restricted stock unit awards, or RSUs, to directors and employees. The Company granted two types of performance-based RSUs. The first type, which was granted to key executives of the Company, calculates the shares to be received based on the Company's performance relative to a peer group, as defined by the RSU 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, which is generally three years. 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. The second type of performance-based RSU, which was granted to non-executive officers and shore-side employees calculates the shares to be received based on the Company's achievement of pre-determined performance criteria over a three-year period as defined by the RSU agreement governing such awards. The actual number of shares that could be received by these award recipients can range from 0% to 100% of the Company's base share awards depending on the number of performance goals attained by the Company.

Compensation expense related to restricted stock is recognized over the period the restrictions lapse, from one to three years. The fair value of the Company's performance-based restricted stock, which is determined using a binomial lattice model, is applied to the total shares that are expected to fully vest and is amortized over the vesting period based on relative performance compared to peers or the Company's internal performance measured against pre-determined criteria, as applicable. The compensation expense related to time-based restricted stock unit awards, 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.

For the quarter ended March 31, 2008, the Company's income before taxes, net income and basic and diluted earnings per share included \$3.0 million, \$1.9 million, \$0.07 per share and \$0.07 per share of stock-based compensation expense charges, respectively. For the quarter ended March 31, 2007, the Company's income before taxes, net income and basic and diluted earnings per share included \$1.7 million, \$1.1 million, \$0.04 per share and \$0.04 per share of stock-based compensation expense charges, respectively. In addition, the Company capitalized approximately \$0.4 million and \$0.3 million of stock-based compensation expense as part of its ongoing newbuild construction programs and general corporate projects for the three months ended March 31, 2008 and 2007, respectively.

**6. 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

**HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

that the Company's liability, if any, under such claims or proceedings would not materially affect its financial position or results of operations.

The Company insures against losses relating to its vessels, pollution and third party liabilities, including claims by employees under Section 27 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 third party liability policies purchased in commercial marine insurance markets. In March 2008, the terms of entry for both of the Company's segments contained an annual aggregate deductible, or AAD, for which the Company remains responsible, while the P&I Club is responsible for all applicable 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. Such revisions in estimates of the potential liability could materially impact the Company's results of operations, financial position or cash flows. As of March 31, 2008, the Company's claims incurred under its P&I Club policies have not exceeded the AAD for the current policy year. In addition, the Company joined a new P&I Club during 2007 and has committed a letter of credit for approximately \$0.4 million to its former P&I Club to fund possible future claims for the policy year that expires in 2008.

**7. Segment Information**

The Company provides marine transportation and logistics services through two business segments. The Company primarily operates new generation OSVs, in the U.S. Gulf of Mexico, or GoM, other U.S. coastlines, Trinidad, Mexico, the Middle East and Brazil and operates a shore-based facility in Port Fourchon, Louisiana through its OSV segment. The OSVs and the shore-based 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 tug and tank barge, or TTB, segment primarily operates ocean-going tugs and tank barges in the northeastern United States, GoM, the 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 TTB 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 months ended March 31, 2008 and 2007, reconciled to consolidated totals and prepared on the same basis as the Company's unaudited consolidated financial statements (in thousands).

	Three Months Ended March 31,	
	2008	2007
<b>Operating revenues:</b>		
Offshore supply vessels		
Domestic	\$ 53,881	\$ 36,003
Foreign	13,571	5,140
	<u>67,452</u>	<u>41,143</u>
Tugs and tank barges		
Domestic	27,903	24,371
Foreign (1)	2,166	2,577
	<u>30,069</u>	<u>26,948</u>
Total	<u>\$ 97,521</u>	<u>\$ 68,091</u>
<b>Operating expenses:</b>		
Offshore supply vessels	\$ 25,779	\$ 15,324
Tugs and tank barges	14,016	11,779
Total	<u>\$ 39,795</u>	<u>\$ 27,103</u>
<b>Depreciation:</b>		
Offshore supply vessels	\$ 4,732	\$ 2,626
Tugs and tank barges	2,730	2,181
Total	<u>\$ 7,462</u>	<u>\$ 4,807</u>
<b>Amortization:</b>		
Offshore supply vessels	\$ 2,507	\$ 1,127
Tugs and tank barges	2,220	1,253
Total	<u>\$ 4,727</u>	<u>\$ 2,380</u>
<b>General and administrative expenses:</b>		
Offshore supply vessels	\$ 5,404	\$ 3,714
Tugs and tank barges	3,173	3,733
Total	<u>\$ 8,577</u>	<u>\$ 7,447</u>
<b>Loss on sale of assets:</b>		
Offshore supply vessels	\$ —	\$ (10)
Tugs and tank barges	—	—
Total	<u>\$ —</u>	<u>\$ (10)</u>
<b>Operating income:</b>		
Offshore supply vessels	\$ 29,030	\$ 18,342
Tugs and tank barges	7,930	8,002
Total	<u>\$ 36,960</u>	<u>\$ 26,344</u>
<b>Deferred drydocking charges:</b>		
Offshore supply vessels	\$ 2,974	\$ 2,943
Tugs and tank barges	1,094	3,150
Total	<u>\$ 4,068</u>	<u>\$ 6,093</u>
<b>Capital expenditures:</b>		
Offshore supply vessels	\$ 175,514	\$ 39,633
Tugs and tank barges	5,069	14,587
Corporate	916	590
Total	<u>\$ 181,499</u>	<u>\$ 54,810</u>

**HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

	As of March 31, 2008	As of December 31, 2007
<b>Identifiable assets:</b>		
Offshore supply vessels	\$ 1,014,531	\$ 977,847
Tugs and tank barges	262,054	260,896
Corporate	23,476	23,308
Total	<u>\$ 1,300,061</u>	<u>\$ 1,262,051</u>
<b>Long-lived assets:</b>		
Offshore supply vessels		
Domestic	\$ 732,234	\$ 591,940
Foreign (2)	140,406	125,905
	<u>872,640</u>	<u>717,845</u>
Tugs and tank barges		
Domestic	224,567	222,557
Foreign (1)(2)	4,983	5,149
	<u>229,550</u>	<u>227,706</u>
Corporate	8,179	7,659
Total	<u>\$ 1,110,369</u>	<u>\$ 953,210</u>

- (1) Included are amounts applicable to the Company's TTB operations in Puerto Rico. Puerto Rico is considered a possession of the United States and, therefore, the Jones Act and U.S. environmental laws and regulations apply to vessels operating in Puerto Rican waters.
- (2) The Company's vessels conduct operations in domestic and international areas. Vessels will routinely move to and from international and domestic 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 March 31, 2008 and December 31, 2007, respectively.

**8. Acquisitions**

**Sea Mar Fleet Acquisition**

On July 20, 2007, the Company entered into a definitive asset purchase agreement to acquire 20 OSVs and their related business, or the Sea Mar Fleet, from certain affiliates of Nabors Industries, Ltd., or Nabors, for \$186.0 million in cash, plus the cost of any fuel inventory on such vessels. The Company also agreed to purchase one newbuild 285 class DP-2 vessel currently under construction with an anticipated fourth quarter 2008 delivery. The expected cost of this vessel, prior to the allocation of construction period interest, is approximately \$34.0 million, of which \$7.3 million was paid to Nabors at closing. The acquisition closed on August 8, 2007. The Company did not record any goodwill as a result of the acquisition. The Company recorded accrued liabilities of approximately \$8.0 million related to the estimated cost of the regulatory drydocking of acquired vessels expected to be completed within the allocation period and accounting, legal and regulatory fees. As of March 31, 2008, the purchase price was allocated to the acquired assets based on the estimated fair values as follows (in thousands):

Property, plant and equipment	\$193,955
Construction work in progress	7,300
Inventory	1,000
Accrued liabilities	(8,027)
Purchase price	<u>\$194,228</u>

**MPSV Acquisition**

On January 8, 2008, the Company entered into a definitive asset purchase agreement with Superior Offshore International, Inc., or Superior, to acquire the *Superior Achiever*, a T-22 class DP-3 new generation MPSV and related owner-furnished equipment. The *Superior Achiever* is currently under construction at a foreign shipyard and is expected to be delivered during the fourth quarter of 2008. The *Superior Achiever* acquisition closed on January 22, 2008.

**Shore-base Acquisition**

On January 30, 2008, the Company purchased a leasehold interest in a parcel of improved real estate adjacent to HOS Port, its existing shore-base facility located in Port Fourchon, Louisiana. The new facility lease has approximately seven years remaining on its initial term, with four additional five-year renewal periods.

## 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, 2007. 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.

References in this Quarterly Report on Form 10-Q to “OSVs” mean offshore supply vessels; to “MPSVs” mean multi-purpose support vessels; to “AHTS” mean anchor-handling towing supply; to “DP-1”, “DP-2” and “DP-3” mean various classifications of dynamic positioning systems on new generation vessels; to “deepwater” mean offshore areas, generally 1,000’ to 5,000’ in depth; to “ultra-deepwater” mean offshore areas, generally more than 5,000’ in depth; to “deep well” mean a well drilled to a true vertical depth of 15,000’ or greater; to “new generation,” when referring to OSVs, mean 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; and to “conventional,” when referring to OSVs, mean vessels that are at least 20 years old, are less than 200’ in length when originally built and primarily operate on the Continental Shelf.

### General

#### *Our Markets*

Our average new generation OSV dayrates have been in the \$19,000 to \$22,000 range since the beginning of 2007 with average utilization for such vessels in the low to mid 90% range. All of our OSVs operate under time charters, including 16 OSVs in our operating fleet that are chartered under long-term contracts with expiration dates ranging from June 2008 through June 2012. We believe that market conditions for new generation OSVs in the GoM are continuing to show long-term positive trends primarily driven by increased deepwater exploratory drilling, the continued development of deepwater and ultra-deepwater production infrastructure and the dismantling of old structures on the Continental Shelf. We expect these positive trends to create additional opportunities to contract more of our OSVs on long-term fixtures of two to five years at attractive dayrates. We also believe that demand for vessels with specialty service capabilities has increased as evidenced by an increasing number of our vessels being deployed for non-traditional oilfield services. During the first three months of 2008, we had roughly half of our new generation OSV fleet working in international areas or performing specialty services such as well stimulation, ROV support or working for the military.

[Table of Contents](#)

Our OSVs are currently operating in domestic and international areas as noted in the following table:

<b>Operating Areas</b>	
<i>Domestic</i>	
GoM	27
Other U.S. coastlines	4
	<u>31</u>
<i>Foreign</i>	
Trinidad	6
Mexico	5
Brazil	2
Qatar	2
	<u>15</u>
<i>Total OSVs</i>	<u><u>46</u></u>

Our tug and tank barge, or TTB, fleetwide average dayrates have been in the \$17,000 to \$19,000 range since the beginning of 2007 with average utilization for such vessels in the 85% to 95% range. However, while our TTB dayrates increased sequentially and year-over-year, we have recently experienced an overall softening in the Northeast U.S. transportation market, which we believe has resulted from high inventory levels, high crude oil prices and a warmer than normal winter in the Northeast U.S. Excluding vessels undergoing regulatory drydocking, we have nearly half of our tank barges operating under time charters, including five that are chartered under long-term contracts with expiration dates ranging from late August 2008 through August 2009. The remaining tank barges in our operating fleet are typically contracted under spot time charters or contracts of affreightment or COAs.

Our tank barges are currently operating in domestic and international areas as noted in the following table:

<b>Operating Areas</b>	
<i>Domestic</i>	
New York Harbor	10
GoM	8
Great Lakes	1
	<u>19</u>
<i>Foreign</i>	
Puerto Rico	2
	<u>2</u>
<i>Total tank barges</i>	<u><u>21</u></u>



**Critical Accounting Policies**

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 based upon available information. We base our estimates and judgments on historical experience and various other factors that we believe to be reasonable under the circumstances. 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, 2007.

**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 and operated during the periods indicated. These new generation OSVs and tank barges generate substantially all of our revenues and operating profit. Excluded from the OSV information below are the results of operations for our 10 conventional vessels, our shore-base facility, and third-party vessel management services.

	Three Months Ended March 31,	
	2008	2007
<b>Offshore Supply Vessels:</b>		
Average number of new generation OSVs (1)	35.0	25.0
Average new generation OSV fleet capacity (deadweight)	80,903	59,042
Average new generation vessel capacity (deadweight)	2,312	2,362
Average new generation OSV utilization rate (2)	92.1%	91.5%
Average new generation OSV dayrate (3)	\$ 21,020	\$ 19,073
Effective dayrate (4)	\$ 19,359	\$ 17,452
<b>Tugs and Tank Barges:</b>		
Average number of tank barges (5)	20.3	18.0
Average fleet capacity (barrels) (5)	1,696,158	1,549,566
Average barge capacity (barrels)	83,436	86,087
Average utilization rate (2)	85.6%	94.2%
Average dayrate (6)	\$ 19,059	\$ 17,680
Effective dayrate (4)	\$ 16,315	\$ 16,655

- (1) We owned and operated 35 new generation OSVs as of March 31, 2008. Ten new generation OSVs were acquired on August 8, 2007. Excluded from this data are 10 conventional OSVs that were also acquired on August 8, 2007, which we consider to be non-core assets.
- (2) Utilization rates are average rates based on a 365-day year. Vessels are considered utilized when they are generating revenues.
- (3) Average dayrate represents 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 revenues.
- (4) Effective dayrate represents the average dayrate multiplied by the average utilization rate.
- (5) We owned and operated 21 tank barges as of March 31, 2008. Three double-hulled tank barges, the *Energy 6506*, *Energy 6507* and *Energy 6508*, were delivered in August 2007, November 2007 and March 2008, respectively, under our second TTB newbuild program.
- (6) Average dayrate represents average revenue per day, including time charters, brokerage revenues, revenues generated on a per-barrel-transported basis, demurrage, shipdocking and fuel surcharge revenues, 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 revenues 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, or Commission. We define EBITDA as earnings, or 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 a 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 other shore-side 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 months ended March 31, 2008 and 2007, respectively (in thousands).

	Three Months Ended March 31,	
	2008	2007
<b>Components of EBITDA:</b>		
Net income	\$23,083	\$17,485
Interest expense (income)		
Debt obligations	1,840	4,905
Interest income	(992)	(6,008)
Interest, net	848	(1,103)
Income tax expense	13,042	9,967
Depreciation	7,462	4,807
Amortization	4,727	2,380
EBITDA	<u>\$49,162</u>	<u>\$33,536</u>

## [Table of Contents](#)

The following table reconciles EBITDA to cash flows provided by operating activities for the three months ended March 31, 2008 and 2007, respectively (in thousands).

	Three Months Ended March 31,	
	2008	2007
<b>EBITDA Reconciliation to GAAP:</b>		
EBITDA	\$49,162	\$33,536
Cash paid for deferred drydocking charges	(4,068)	(6,093)
Cash paid for interest	(50)	(47)
Cash paid for taxes	(3,285)	—
Changes in working capital	13,788	2,123
Stock-based compensation expense	2,969	1,745
Changes in other, net	66	(218)
Net cash flows provided by operating activities	<u>\$58,582</u>	<u>\$31,046</u>

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, 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.

In addition, we also make certain adjustments to EBITDA for stock-based compensation expense and interest income, as well as loss on early extinguishment of debt, as applicable, 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 agreement 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 the detailed adjustments to EBITDA, as defined in our revolving credit facility, for the three months ended March 31, 2008 and 2007, respectively (in thousands).

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

	Three Months Ended March 31,	
	2008	2007
Stock-based compensation expense	\$ 2,969	\$ 1,745
Interest income	992	6,008

[Table of Contents](#)

The following table provides detailed components of net income for the three months ended March 31, 2008 and 2007, respectively (in thousands, except for percentage changes).

	Three Months Ended March 31,		Increase (Decrease)	
	2008	2007	\$ Change	% Change
<b>Revenues:</b>				
Offshore supply vessels				
Domestic	\$53,881	\$36,003	\$17,878	49.7%
Foreign	13,571	5,140	8,431	164.0
	<u>67,452</u>	<u>41,143</u>	<u>26,309</u>	<u>63.9</u>
Tugs and tank barges				
Domestic	27,903	24,371	3,532	14.5
Foreign (1)	2,166	2,577	(411)	(15.9)
	<u>30,069</u>	<u>26,948</u>	<u>3,121</u>	<u>11.6</u>
Total	<u>\$97,521</u>	<u>\$68,091</u>	<u>\$29,430</u>	<u>43.2%</u>
<b>Operating expenses:</b>				
Offshore supply vessels	\$25,779	\$15,324	\$10,455	68.2%
Tugs and tank barges	14,016	11,779	2,237	19.0
Total	<u>\$39,795</u>	<u>\$27,103</u>	<u>\$12,692</u>	<u>46.8%</u>
<b>Depreciation and amortization:</b>				
Offshore supply vessels	\$ 7,239	\$ 3,753	\$ 3,486	92.9%
Tugs and tank barges	4,950	3,434	1,516	44.1
Total	<u>\$12,189</u>	<u>\$ 7,187</u>	<u>\$ 5,002</u>	<u>69.6%</u>
<b>General and administrative expenses</b>				
Offshore supply vessels	\$ 5,404	\$ 3,714	\$ 1,690	45.5%
Tugs and tank barges	3,173	3,733	(560)	(15.0)
Total	<u>\$ 8,577</u>	<u>\$ 7,447</u>	<u>\$ 1,130</u>	<u>15.2%</u>
<b>Loss on sale of assets:</b>				
Offshore supply vessels	\$ —	\$ (10)	\$ 10	100.0%
Tugs and tank barges	—	—	—	—
Total	<u>\$ —</u>	<u>\$ (10)</u>	<u>\$ 10</u>	<u>100.0%</u>
<b>Operating income:</b>				
Offshore supply vessels	\$29,030	\$18,342	\$10,688	58.3%
Tugs and tank barges	7,930	8,002	(72)	(0.9)
Total	<u>\$36,960</u>	<u>\$26,344</u>	<u>\$10,616</u>	<u>40.3%</u>
<b>Interest expense</b>	<u>\$ 1,840</u>	<u>\$ 4,905</u>	<u>\$ (3,065)</u>	<u>(62.5)%</u>
<b>Interest income</b>	<u>\$ 992</u>	<u>\$ 6,008</u>	<u>\$ (5,016)</u>	<u>(83.5)%</u>
<b>Income tax expense</b>	<u>\$13,042</u>	<u>\$ 9,967</u>	<u>\$ 3,075</u>	<u>30.9%</u>
<b>Net income</b>	<u>\$23,083</u>	<u>\$17,485</u>	<u>\$ 5,598</u>	<u>32.0%</u>

(1) Included are amounts applicable to our TTB operations in Puerto Rico. Puerto Rico is considered a possession of the United States and, therefore, the Jones Act and U.S. environmental laws and regulations apply to vessels operating in Puerto Rican waters.

### Three Months Ended March 31, 2008 Compared to Three Months Ended March 31, 2007

*Revenues.* Revenues for the three months ended March 31, 2008 were \$97.5 million, or 43.2%, higher than the same period in 2007 primarily due to additional vessels that were added to our fleet since March 2007 and to a lesser extent improved market conditions for our OSVs. As of March 31, 2008, our weighted-average operating fleet was 81.3 vessels compared to 57.0 vessels as of March 31, 2007.

Revenues from our OSV segment increased \$26.3 million, or 63.9%, to \$67.5 million for the three months ended March 31, 2008 compared to the same period in 2007. The increase in revenues is primarily the result of the Sea Mar Fleet acquisition in August 2007 and higher new generation OSV effective dayrates. Revenues generated by the recently acquired 20 OSVs accounted for approximately \$18.8 million of the OSV revenue increase. The remaining \$7.5 million of the OSV revenue increase was attributable to vessels that were in service during each of the three months ended March 31, 2008 and 2007. New generation OSV average dayrates and utilization improved primarily due to continued market strength in the GoM. Our new generation OSV average dayrate was \$21,020 for the first quarter of 2008 compared to \$19,073 for the same period in 2007, an increase of \$1,947 or 10.2%. Domestic revenues for our OSV segment for the first quarter of 2008 increased \$17.9 million on the basis of strong market conditions in the GoM and the growth of our fleet. Foreign revenues for our OSV segment during the first quarter of 2008 increased by \$8.4 million primarily due to the Sea Mar Fleet acquisition, which included four vessels that were operating in foreign markets, and to a lesser extent, the full and partial-period contribution of two additional vessels operating in foreign markets that were in our OSV fleet during each of the three months ended March 31, 2008 and 2007.

Revenues from our TTB segment increased \$3.1 million, or 11.6%, to \$30.1 million for the three months ended March 31, 2008 compared to the same period in 2007. The increase in revenues was the result of full and partial-quarter contributions from three newbuild double-hulled tank barges, the *Energy 6506*, *Energy 6507* and the *Energy 6508*, which were placed in service in August 2007, November 2007 and March 2008, respectively. Our tank barge average dayrates were \$19,059 for the three months ended March 31, 2008, an increase of \$1,379, or 7.8%, from \$17,680 for the same period in 2007. The increase in average dayrates was primarily due to the ability of our TTB equipment to provide non-traditional tank barge services to certain of our upstream customers. Our tank barge utilization, was 85.6% for the three months ended March 31, 2008 compared to 94.2% for the same period in 2007, due to an overall softening in the Northeast U.S. transportation market, which we believe has resulted from high inventory levels, high crude oil prices and a warmer than normal winter in the Northeast U.S.

*Operating Expenses.* Operating expenses for the three months ended March 31, 2008 increased 46.8% to \$39.8 million compared to the same period in 2007, primarily due to the vessels added to our operating fleet through newbuild deliveries or acquisition since March 2007. In addition, higher crew compensation costs, including FAS 123R stock-based compensation expense, contributed to the increase in operating expenses. We expect cash operating expenses per vessel-day in calendar 2008 for each segment to increase by 5% to 10% over calendar 2007.

Operating expenses for our OSV segment were \$25.8 million, an increase of \$10.5 million, or 68.2%, for the three months ended March 31, 2008 compared to \$15.3 million in

## [Table of Contents](#)

the same period of 2007. Vessels acquired with the Sea Mar Fleet acquisition in August 2007 accounted for \$7.9 million of the OSV operating expense increase. Increased costs for third-party workers on our vessels, personnel costs, including FAS 123R stock-based compensation related to restricted stock unit awards granted to mariners, and insurance costs accounted for the remaining \$2.6 million of the OSV operating expense increase. Average daily operating expense for the OSV segment is also expected to further increase commensurate with the delivery of larger, more complex vessels under our fourth OSV newbuild program and our MPSV program.

Operating expenses for our TTB segment were \$14.0 million, an increase of \$2.2 million, or 19.0%, for the three months ended March 31, 2008 compared to the same period in 2007. The increases in operating expenses for our TTB segment were mainly driven by higher fuel costs due to an increased number of vessels working under COAs, increased compensation costs for TTB mariners, and six additional vessels delivered under our second TTB newbuild program since March 2007. Average daily operating expense for the TTB segment is also expected to further increase in 2008 commensurate with the delivery and full-period contribution of vessels under our second TTB newbuild program.

*Depreciation and Amortization.* Depreciation and amortization was \$5.0 million higher for the three months ended March 31, 2008 compared to the same period in 2007 due to incremental depreciation related to 20 vessels acquired in August 2007 and six vessels that were placed in service under our second TTB newbuild program since March 2007 and higher amortization of drydock costs. Drydock amortization costs increased due to a greater number of our vessels, including those in service during each of the three months ended March 31, 2008 and 2007 that incurred their first 30 or 60 month regulatory drydocking since the first quarter of 2007. The increase in amortization expense was also impacted by higher per unit drydocking costs related to continued high demand for shipyard services and to delays caused by shortages of labor for key vendors and shipyard facilities. Depreciation and amortization expense is expected to increase from current levels when the vessels under our current newbuild and conversion programs are placed in service and when these and any other recently acquired and newly constructed vessels undergo their initial 30 and 60 month recertifications.

*General and Administrative Expense.* General and administrative expenses of \$8.6 million, or 8.8% of revenues, increased by \$1.1 million for the three months ended March 31, 2008 compared to the same period in 2007. Higher personnel costs and greater FAS 123R stock-based compensation expense related to restricted stock unit awards granted to shore-based employees were the primary reasons for the increase in general and administrative expenses. Our general and administrative expenses, inclusive of FAS123R expenses, are expected to be approximately 9% to 10% of revenues.

*Operating Income.* Operating income increased by 40.3%, or \$10.6 million, to \$37.0 million for the first quarter of 2008 due to the reasons discussed above. Operating income as a percentage of revenues for our OSV segment was 43.0% for the three months ended March 31, 2008, compared to 44.6% for the same period in 2007. The primary driver for this margin decrease relates to the increase in operating expenses discussed above. Operating income as a percentage of revenues for our TTB segment was 26.4% for the three months ended March 31, 2008, compared to 29.7% for the same period in 2007. The primary driver

## [Table of Contents](#)

for this margin decrease relates to lower downstream utilization and the increase in operating expenses as discussed above.

*Interest Expense.* Interest expense decreased \$3.1 million for the three months ended March 31, 2008 compared to the same period in 2007, primarily as a result of a \$3.1 million increase in capitalized interest. Capitalized interest increased as a result of higher newbuild construction and conversion activity and is expected to further increase commensurate with additional construction and conversion activity anticipated throughout 2008.

*Interest Income.* Interest income decreased \$5.0 million for the three months ended March 31, 2008 primarily resulting from lower invested cash balances, which were driven by cash outflows for the Sea Mar Fleet acquisition in August 2007, the recent acquisitions of the *Superior Achiever* and a leasehold interest adjacent to our shore-base in January 2008, and cash paid for ongoing newbuild and conversion programs. Our average cash balance for the three months ended March 31, 2008 was \$112.4 million compared to \$462.3 million for the same period in 2007.

*Income Tax Expense.* Our effective tax rate was 36.1% and 36.3% for the three months ended March 31, 2008 and 2007, respectively. Our income tax expense primarily consists of deferred taxes generated by accelerated depreciation for tax purposes. Our income tax rate is higher than the federal statutory rate, due primarily to expected state and foreign tax liabilities and items not deductible for federal income tax purposes.

*Net Income.* Net income increased by 32.0%, or \$5.6 million, to \$23.1 million for the first quarter of 2008 primarily due to the increase in operating income and net interest income, which was partially offset by increased tax 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 construction, retrofit or conversion, acquisitions, vessel recertifications, discretionary capital expenditures and debt service. The nature of our capital requirements and the types of our financing sources are not expected to change significantly throughout 2008.

We have from time to time made, and will make additional, short-term draws on our revolving credit facility to satisfy scheduled capital expenditure requirements or for other corporate purposes. Any liquidity in excess of our planned capital expenditures will be utilized to repay debt or finance the implementation of our growth strategy, which includes expanding our fleet through the construction of new vessels, conversion or retrofit of existing vessels or acquisition of additional vessels, including, but not limited to, OSVs, MPSVs, AHTS vessels, ocean-going tugs, tank barges, tankers and other specialty vessels, as needed to take advantage of the market demand for such vessels. In February 2008, we increased the borrowing base of our revolving credit facility from \$100.0 million to \$250.0 million by exercising the accordion feature under such facility, which remained undrawn as of March 31, 2008. See further discussion in our Annual Report on Form 10-K for the year ended December 31, 2007.

## [Table of Contents](#)

We believe that our current working capital, projected cash flows from operations and available capacity under our revolving credit facility, will be sufficient to meet our cash requirements for the foreseeable future. These sources of cash were available to fund our recent acquisitions, and will continue to fund our previously announced vessel newbuild and conversion programs, including the expansion of such programs announced since their commencement. Although we expect to continue generating positive working capital through our operations, events beyond our control, such as declines in expenditures for exploration, development and production activity, mild winter conditions or a reduction in domestic consumption of refined petroleum products and other reasons discussed under "Forward Looking Statements" below, may affect our financial condition or results of operations. Depending on the market demand for such vessels and other growth opportunities that may arise, we may require additional debt or equity financing.

As of March 31, 2008, we had total cash and cash equivalents of \$51.2 million. The January 2008 acquisition costs for the *Superior Achiever* and lease rights for property adjacent to HOS Port (formerly known as the Rowan Base), and the remaining construction costs related to our MPSV program, our fourth OSV newbuild program and our second TTB newbuild program have been and will continue to be, funded, in part, with cash on hand, including a portion of the net proceeds from our prior debt and equity securities offerings, projected cash flows from operations and borrowings available under our recently expanded revolving credit facility.

In early May 2008, we borrowed \$22 million on our recently expanded \$250 million revolving credit facility to fund expected shipyard milestones. Our pricing grid on funded draws under our revolving credit facility ranges from 50 basis points, or bps, to 150 bps over the London Interbank Offered Rate for the U.S. Dollar, or LIBOR. Based on our leverage ratio at the time of our May 2008 borrowing, our interest rate was based on LIBOR plus 75 bps as defined under the revolving credit facility, or a floating rate of roughly 3.6%. The extent and timing of further draws on our revolving credit facility are primarily dependent upon shipyard schedules and the achievement of construction milestones. Depending on a host of variables and modeling assumptions, including whether and/or when we sell certain non-core assets, we are projecting the high-point of our aggregate construction draw schedule to result in a peak draw under our revolving credit facility of approximately \$175 million in late 2008 or early 2009. However, any such peak draw is projected to be repaid in full during 2010. We then project to replenish our cash position to approximately \$130 million by the end of our current newbuild construction cycle in mid-2010.

### **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 \$58.6 million for the three months ended March 31, 2008 and \$31.0 million for the three months ended March 31, 2007. The increase in operating cash flows for the three months ended March 31, 2008 was primarily the result of the growth of our operating fleet and an increase in effective dayrates in our OSV segment. The increase in cash flows from operations for the three months ended March 31, 2008 reflects a full-period contribution from two additional double-hulled newbuild tank barges that were placed in service during the latter half of 2007, the full-period contribution from OSVs that were acquired in August 2007 and the partial-period contribution from one double-hulled newbuild tank barge placed in service in March 2008. Our cash flows from operations should continue to be positively impacted in 2008 by a



## [Table of Contents](#)

full-year contribution of revenue from the recently acquired Sea Mar Fleet and vessels delivered during 2007 and a partial-year of revenue contribution from vessels to be delivered on various dates throughout 2008 under our MPSV program, our fourth OSV newbuild program and our second TTB newbuild program.

*Investing Activities.* Net cash used in investing activities was \$181.5 million for the three months ended March 31, 2008 and \$54.8 million for the three months ended March 31, 2007. Cash utilized in the first three months of 2008 primarily consisted of acquisition costs for the *Superior Achiever* and the lease rights for property adjacent to HOS Port and construction costs incurred for our ongoing newbuild construction and conversion programs. Cash utilized in the first three months of 2007 primarily consisted of construction costs incurred for our MPSV program, our fourth OSV newbuild program, and our second TTB newbuild program. Investing activities throughout 2008 are expected to include costs related to our current newbuild and conversion programs, retrofit and construction of additional vessels, possible additional acquisitions and other capital expenditures, including discretionary vessel modifications and corporate projects.

*Financing Activities.* Net cash provided by financing activities of \$0.6 million for the three months ended March 31, 2008 resulted from the net proceeds from common stock issued under employee benefit programs. Net cash used in financing activities of \$0.1 million for the three months ended March 31, 2007 resulted from the net effect of financing costs related to the November 2006 convertible senior note offering and the accompanying convertible note hedge, warrant sale, and stock repurchase transactions and the net proceeds from common stock issued under employee benefit programs. Financing activities for the remainder of 2008 are expected to include proceeds from borrowings under our recently expanded revolving credit facility.

## **Contractual Obligations**

### ***Debt***

As of March 31, 2008, we had total debt of \$549.6 million, net of original issue discount. Our debt is comprised of \$299.6 million of our 6.125% senior notes due 2014 and \$250.0 million of our 1.625% convertible senior notes due 2026. The effective interest rate on the senior notes is 6.38% with semi-annual cash interest payments of \$9.2 million due and payable each June 1 and December 1. The convertible senior notes bear interest at an annual rate of 1.625% with 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. We have also recently expanded our borrowing base to \$250.0 million on our senior secured revolving credit facility due September 2011.

**Capital Expenditures and Related Commitments**

The following table sets forth the amounts incurred, before construction period interest, during the three months ended March 31, 2008 and since each program's inception, respectively, as well as the estimated total project costs for each of our current expansion programs (in millions):

	Three Months Ended March 31, 2008	Incurred Since Inception	Estimated Program Totals (1)	Projected Delivery Dates (1)
<b>Growth Capital Expenditures:</b>				
MPSV program (2)	\$ 107.9	\$ 253.8	\$ 450.0	3Q2008 – 4Q2009
OSV newbuild program #4 (3)	35.2	128.8	393.0	2Q2008 – 4Q2010
TTB newbuild program #2 (4)	3.8	72.8	77.0	3Q2007 – 2Q2008
<b>Total:</b>	<u>\$ 146.9</u>	<u>\$ 455.4</u>	<u>\$ 920.0</u>	

- (1) Estimated Program Totals and Projected Delivery Dates are based on internal estimates and are subject to change due to delays and possible cost overruns inherent in any large construction project, including shortages of equipment, lack of shipyard availability, unforeseen engineering problems, work stoppages, weather interference, unanticipated cost increases, the inability to obtain necessary certifications and approvals and shortages of materials, component equipment or skilled labor. All of the above historical and budgeted capital expenditure project amounts for our newbuild and conversion programs represent estimated cash outlays and do not include any allocation of capitalized construction period interest. Projected delivery dates correspond to pending vessels that are currently contracted with shipyards for construction, retrofit or conversion.
- (2) Our MPSV program now consists of two coastwise sulfur tankers that are being converted into U.S.-flagged, proprietary 370 class DP-2 new generation MPSVs at a domestic shipyard, and two T-22 class DP-3 new generation MPSVs that are being constructed in foreign shipyards. The first converted DP-2 MPSV is expected to be delivered from the shipyard in the third quarter of 2008, while the second converted DP-2 MPSV is expected to be delivered in early 2009. The first newbuild DP-3 MPSV is expected to be delivered from a foreign shipyard during the fourth quarter of 2008, while the second newbuild DP-3 MPSV is expected to be delivered during the fourth quarter of 2009. Based on internal estimates, the aggregate cost of the MPSV program, prior to the allocation of construction period interest, is expected to be approximately \$450.0 million, including the recent acquisition cost of the *Superior Achiever*.
- (3) Our fourth OSV newbuild program now consists of vessel construction contracts with three domestic shipyards to build six proprietary 240 ED class OSVs, nine proprietary 250 EDF class OSVs and one 285 class DP-2 new generation OSV, respectively. These 16 new generation OSVs are expected to be placed in service on various dates from the second quarter of 2008 through the end of 2010. The first of the 240 ED class OSVs under this program, the *HOS Polestar*, is expected to commence its first charter in early May for a customer in Brazil. In addition, the first of the 250 EDF class vessels, the *HOS Mystique*, was delivered early from the shipyard to undergo conversion for ROV support services under a multi-year charter commencing in the third quarter of 2008. Inclusive of these two recently announced vessel deliveries, the aggregate cost of our fourth OSV newbuild program, prior to the allocation of construction period interest, is expected to be approximately \$393.0 million.
- (4) Our second TTB newbuild program consists of vessel construction contracts with three domestic shipyards to build three 60,000-barrel double-hulled tank barges and retrofit four 3,000 horsepower ocean-going tugs that were purchased in July 2006. We delivered three newbuild double-hulled tank barges, the *Energy 6506*, *Energy 6507* and *Energy 6508*, and three retrofitted ocean-going tugs, the *Michigan Service*, *Huron Service*, and *Superior Service*, on various dates throughout the latter half of 2007 and early 2008. We expect to place in service the final retrofitted tug, the *Erie Service*, during the second quarter of 2008. We estimate the total cost of our second TTB newbuild program, before construction period interest, to be approximately \$77.0 million.

## [Table of Contents](#)

During calendar 2008, we expect to drydock a total of eighteen OSVs, four tugs and ten tank barges for recertification and discretionary vessel enhancements, to acquire additional equipment for our OSVs to support subsea operations, and to incur non-vessel capital expenditures related primarily to information technology initiatives, shore-side transportation assets and corporate projects. The following table summarizes the costs incurred for these purposes for the three months ended March 31, 2008 and 2007, and the projected costs for the year ended December 31, 2008 (in millions and prior to construction period interest, as applicable):

	Three Months Ended March 31,		Year Ended December 31,
	2008 Actual	2007 Actual	2008 Forecast
<b>Maintenance Capital Expenditures:</b>			
Deferred drydocking charges	\$ 4.1	\$ 6.1	\$ 17.7
Other vessel capital improvements (1)	8.0	1.6	28.1
Miscellaneous non-vessel additions	22.2	0.9	25.9
<b>Total:</b>	<b>\$ 34.3</b>	<b>\$ 8.6</b>	<b>\$ 71.7</b>

(1) Other vessel capital improvements include estimated costs for the regulatory drydocking of recently acquired vessels expected to be completed within the purchase allocation period. During the three months ended March 31, 2008, we incurred \$1.2 million to recertify these vessels, out of a total cash outlay of \$6.6 million forecasted for calendar 2008.

## 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," "intend," "may," "might," "plan," "potential," "predict," "forecast," "project," "should" or "will" or other comparable words or the negative of such words. The accuracy of the Company's assumptions, expectations, beliefs and projections depend 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. Our actual future results might differ from the forward-looking statements made in this Quarterly Report on Form 10-Q for a variety of reasons, which include: our inability to successfully and timely complete our various vessel construction and conversion programs, especially our MPSV program, which involves the construction and integration of highly complex vessels and systems; unsuccessful operations of our MPSVs, which are a class of vessels that we have not previously owned or operated; the inability to successfully market our MPSVs at dayrates that we have forecasted; unplanned customer suspensions; cancellations or non-renewals of vessel charters; loss of customers; uncollectible accounts receivable; the financial stability of our customers; industry risks; activity levels in the energy markets; changes in capital spending budgets by customers; effects of competition; fluctuations in oil and natural gas prices; variations in demand for vessel services; changes in demand for refined production products or methods of delivery; increases in operating costs; the inability to accurately

## [Table of Contents](#)

predict vessel utilization levels and dayrates; changes in laws that affect our domestic or international operations; 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 ability to attract and retain qualified marine personnel; regulatory risks; the repeal or administrative weakening of the Jones Act; our ability to successfully integrate acquisitions; our ability to maintain adequate levels of insurance; drydocking delays and cost overruns and related risks; vessel accidents; oil spills; acts of terrorism; unexpected litigation and insurance expenses; our ability to finance operations or access debt and equity markets; fluctuations in foreign currency valuations compared to the U.S. dollar; risks associated with foreign operations and the expansion thereof; adverse domestic or foreign tax consequences and other risks described under the heading "Risk Factors" of this Quarterly Report on Form 10-Q. Should one or more of the foregoing risks or uncertainties materialize, or should our underlying assumptions prove incorrect, our actual results may vary materially from those anticipated in our forward-looking statements, and our business, financial condition and results of operations could be materially and adversely affected.

### **Item 3—Quantitative and Qualitative Disclosures About Market Risk**

We have not entered into any derivative financial instrument transactions to manage or reduce market risk or for speculative purposes, other than the convertible note hedge and warrant transactions entered into concurrently with our convertible note offering in November 2006. Such transactions were entered into to mitigate the potential dilutive effect of the conversion feature of the convertible notes on our common stock. A hypothetical 10% change from our closing share price of \$45.67 as of March 31, 2008 would not have had a material impact on such transactions.

Changes in interest rates may result in changes in the fair market value of our financial instruments, interest income and interest expense. Our financial instruments that are exposed to interest rate risk are cash equivalents and long-term borrowings. Due to the short duration and conservative nature of our cash equivalent investment portfolio, we do not expect any material loss with respect to our investments. The book value for cash equivalents is considered to be representative of its fair value. A hypothetical 10% change in interest rates as of March 31, 2008 would not have had a material impact on such investments.

Changes in interest rates would not impact the interest expense we incur on our long-term fixed interest rate 6.125% senior notes and 1.625% convertible senior notes. However, changes in interest rates would impact the fair value such notes. In general, the fair market value of debt with a fixed interest rate will increase as interest rates fall. Conversely, the fair market value of debt will decrease as interest rates rise. The currently outstanding 6.125% senior notes accrue interest at the rate of 6.125% per annum and mature on December 1, 2014 and the effective interest rate on such notes is 6.39%. Our outstanding 1.625% convertible senior notes accrue interest at the rate of 1.625%, which will decline to 1.375% beginning on November 15, 2013, and mature on November 15, 2026. The effective interest rate on such notes is 2.04%. A hypothetical 10% change in interest rates as of March 31, 2008 would have had no impact on our interest expense for our fixed interest rate debt.

Our revolving credit facility has a variable interest rate and, therefore, is subject to interest rate risk. A hypothetical 10% change in interest rates as of March 31, 2008 would

## [Table of Contents](#)

have had no impact on our interest expense for our revolving credit facility as such facility was undrawn as of March 31, 2008.

Our operations are primarily conducted between U.S. ports, including along the coast of Puerto Rico, and historically we have not been exposed to significant foreign currency fluctuation. However, as we expand our operations in international markets, we may become exposed to certain risks typically associated with foreign currency fluctuation. We currently have time charters for six of our OSVs for service offshore Trinidad. Although such contracts are denominated and will be paid in U.S. Dollars, value added tax, or VAT, payments are paid in Trinidad & Tobago dollars which creates an exchange risk related to currency fluctuations. In addition, we are currently operating under fixed time charters with five OSVs offshore Mexico, two OSVs offshore Qatar and two OSVs offshore Brazil. Although we are paid in U.S. Dollars, there is an exchange risk to foreign currency fluctuations related to the payment terms of such time charters. We also have shipyard contracts denominated in Euros for the construction of two MPSVs in the Netherlands, which creates an exchange risk to foreign currency fluctuations related to the payment terms of such shipyard draw payments. To date, we have not hedged against any foreign currency rate fluctuations associated with foreign currency VAT payments or other foreign currency denominated transactions arising in the normal course of business. We continually monitor the currency exchange risks associated with conducting international operations. To date, gains or losses associated with such fluctuations have not been material.

### **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 March 31, 2008 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**

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, 2007, in response to Item 1A to Part I of Form 10-K.

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

None.

**Item 3—Defaults Upon Senior Securities**

None.

**Item 4—Submission of Matters to a Vote of Security Holders**

None.

**Item 5—Other Information**

*Amendments to Amended and Restated Employment Agreements.* The Company has employment agreements with certain members of its executive management team. Effective May 12, 2008, the Company entered into amendments to the employment agreements with Messrs. Todd M. Hornbeck, Carl G. Annessa and James O. Harp, Jr. to amend, among other things, (i) the Company's severance obligations to comply with recent guidance issued under Section 162(m) of the Internal Revenue Code of 1986, as amended, or the Code, and the requirements of Section 409A of the Code and the Treasury Regulations and other guidance issued thereunder, and (ii) the minimum bonus factor that is necessary to receive a bonus amount related to the component based on earnings before interest, income taxes, depreciation, amortization and loss on early extinguishment of debt, or EBITDA, to conform such minimum bonus factor among the three executive officers.

The foregoing is a summary only, is not necessarily complete, and is qualified by the full text of the amendments to the employment agreements filed herewith as Exhibits 10.1, 10.2, and 10.3.

*Amendment to Second Amended and Restated Hornbeck Offshore Services, Inc. Incentive Compensation Plan.* Effective May 12, 2008, the Board of Directors amended the Second Amended and Restated Hornbeck Offshore Services, Inc. Incentive Compensation Plan, or the Plan, among other things, (i) to comply with the requirements of Section 409A of the Code and the Treasury Regulations and other guidance issued thereunder and (ii) to adopt procedures for the resolution of disputes under the Plan.

## [Table of Contents](#)

The foregoing is a summary only, is not necessarily complete, and is qualified by the full text of the amendment to the Plan filed herewith as Exhibit 10.4.

*Restricted Stock Agreements and Restricted Stock Unit Agreements.* The Company's incentive compensation plan allows the Company to issue restricted stock units that are either time-based or performance-based. The compensation committee of the Board of Directors of the Company recently approved a revised form of Restricted Stock Unit Agreement for restricted stock units grants to executive officers that conforms to the Company's amended employment agreements and modifies the Company's severance obligations consistent with recent amendments to Section 409A of the Code. The compensation committee of the Board of Directors also approved amendments to outstanding performance based Restricted Stock Agreements and Restricted Stock Unit Agreements previously granted to the Company's named executive officers to clarify the Company's intent and to ensure that the rights of each named executive officer under his respective agreement conforms to rights granted to the Company's other named executive officers.

The foregoing is a summary only, is not necessarily complete, and is qualified by the full text of the form Restricted Stock Unit Agreements and the amendments to Restricted Stock Agreements and Restricted Stock Unit Agreements, respectively, filed herewith as Exhibits 10.5, 10.6, 10.7, 10.8 and 10.9.

### Item 6—Exhibits

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
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).
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 12, 2004, Registration No. 333-121557).
4.3	— Exchange and Registration Rights Agreement, dated as of October 4, 2005, among Goldman, Sachs & Co., Bear, Stearns & Co., Inc., Jefferies & Company, Inc., Hornbeck Offshore Services, Inc. and the guarantors party thereto (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed October 7, 2005).

## Table of Contents

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
4.4	— Specimen stock certificate for the Company's common stock, \$0.01 par value (incorporated by reference to Exhibit 4.2 to the Company's amended Registration Statement on Form 8-A/A dated March 25, 2004).
4.5	— 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).
4.6	— 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).
4.7	— 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).
4.8	— 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).
4.9	— Registration Rights Agreement dated November 13, 2006 by and among Hornbeck Offshore Services, Inc., the guarantors named therein, and Jefferies & Company, Inc. and Bear, Stearns & Co. Inc. (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed November 13, 2006).
4.10	— 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).
4.11	— 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).
4.12	— 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).
*10.1†	— Amendment to Amended and Restated Senior Employment Agreement dated effective May 12, 2008 by and between Todd M. Hornbeck and the Company.
*10.2†	— Amendment to Amended and Restated Employment Agreement dated effective May 12, 2008 by and between Carl G. Annessa and the Company.



## Table of Contents

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
*10.3†	— Amendment to Amended and Restated Employment Agreement dated effective May 12, 2008 by and between James O. Harp, Jr. and the Company.
*10.4†	— Amendment to the Second Amended and Restated Hornbeck Offshore Services, Inc Incentive Compensation Plan, dated effective May 12, 2008.
*10.5†	— Form of Amendment to Restricted Stock Agreement (Performance Based).
*10.6†	— Form of Amendment to Restricted Stock Unit Agreement (Performance Based).
*10.7†	— Form of Restricted Stock Unit Agreement for Executive Officers (Time Vesting).
*10.8†	— Form of Restricted Stock Unit Agreement for Non-Employee Directors (Time Vesting).
*10.9†	— Form of Restricted Stock Unit Agreement for Executive Officers (Performance Based).
*10.10†	— Director & Advisory Director Compensation Policy, effective January 1, 2008.
*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.

\* Filed herewith.

† Compensatory plan or arrangement under which executive officers or directors of the Company may participate.

**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: May 12, 2008

/s/ JAMES O. HARP, JR.

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**James O. Harp, Jr.**  
**Executive Vice President and Chief Financial Officer**

**AMENDMENT TO  
AMENDED AND RESTATED  
SENIOR EMPLOYMENT AGREEMENT**

This **AMENDMENT TO AMENDED AND RESTATED SENIOR EMPLOYMENT AGREEMENT** (this "Amendment") is made and entered into effective as of the 12th day of May, 2008, by and between **HORNBECK OFFSHORE OPERATORS, LLC**, a Delaware limited liability company ("Employer"), **TODD M. HORNBECK**, ("Employee").

**WHEREAS**, Employer and Employee wish to amend that certain Amended and Restated Senior Employment Agreement dated May 7, 2006 (the "Agreement") between Employer and Employee to reflect amendment required for the Agreement to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and to make certain technical changes;

**NOW, THEREFORE**, the parties hereby agree that from and after the date hereof, the following amended provisions shall be effective for the Agreement.

1. Section 2 shall be amended and restated in its entirety to read as follows:

2. Term. The term of employment under this Agreement shall commence on January 1, 2007 (the "Commencement Date") and shall continue through December 31, 2009; provided, however, that beginning on January 1, 2008, and on every January 1 thereafter (each a "Renewal Date"), the then existing term of this Agreement shall automatically be extended one additional year unless either party gives the other written notice of termination at least ninety (90) days prior to any such Renewal Date. Written notice by Employer shall be solely pursuant to duly adopted resolution of Employer's or Parent's board of directors. Upon delivery of such notice of nonrenewal from Employer to Employee, Employee shall be entitled to payment by Employer of an amount equal to one half of Employee's basic annualized salary for the year preceding such notice of nonrenewal, payable to Employee upon termination of his employment. Following the date of termination of this Agreement, except as set forth in the preceding sentence, Employee shall have no further rights, including but not limited to rights under Section 8, or obligations hereunder, except obligations set forth in Sections 11 and 12.

2. Section 7(b)(ii) shall be amended and restated in its entirety to read as follows:

(ii) The terms "permanently disabled" and "permanent disability" as used in this Agreement shall mean that Employee is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under any long term disability plan maintained by Employer that covers Employee. In the absence of such a long term disability plan, "permanently disabled" and "permanent disability" shall mean that Employee is

unable to engage in any substantial gainful activity for a period of at least ninety (90) days in any one-year period by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months. In the event Employee becomes "permanently disabled," the Board may terminate Employee's employment under this Agreement upon ten (10) days' prior written notice. If any determination with respect to "permanent disability" is disputed by Employee, the parties hereto agree to abide by the determination with respect to "permanent disability" of a panel of three physicians. Employee and the Board shall each appoint one member, and the third member of the panel shall be appointed by the other two members. Employee agrees to make himself available for and submit to examinations by such physicians as may be directed by the Board. Failure to submit to any such examination shall constitute a breach of a material part of this Agreement.

3. Section 8(c)(ii) shall be amended and restated in its entirety to read as follows:

(ii) If Employer shall terminate the employment of Employee without good cause effective on a date earlier than the termination date provided for in Section 2, any and all options, rights or awards granted in conjunction with Parent's or Employer's incentive compensation and stock option plans shall immediately vest; provided that, with respect to restricted stock awards or restricted stock unit awards that contain performance criteria for vesting, the number of shares that would have vested on the date of the termination as if such date were the end of the Measurement Period (as such term is used in the restricted stock awards and the restricted stock unit awards) shall vest and all other shares covered by such awards shall be forfeited.

4. Sections 8(d)(i)-(ii) shall be amended and restated in their entirety to read as follows:

(i) If a Change in Control of Employer, as defined in Section 8(d)(ii) shall occur, and Employee shall:

(1) voluntarily terminate his employment within one year following such Change in Control and such termination shall be as a result of Employee's good faith determination that Employer:

(A) has after the Change in Control reduced Employee's annual base salary or potential bonus level or any incentive compensation or equity incentive compensation plan benefit (as in effect immediately before such Change in Control);

(B) has relocated Employee's office to a location that is more than 35 miles from the location in which Employee principally works for Employer or Parent immediately before such Change in Control;

(C) has relocated the principal executive office of Parent, Employer or the office of Employer's operating group for which Employee performed the majority of his services for Employer during the year before the Change in Control to a location that is more than 35 miles from the location of such office immediately before such Change in Control;

(D) has required Employee, in order to perform duties of substantially equal status, dignity and character to those duties Employee performed immediately before the Change in Control, to travel on Employer's business to a substantially greater extent than is consistent with Employee's travel obligations immediately before such Change in Control;

(E) has failed to continue to provide Employee with benefits substantially equivalent to those enjoyed by Employee under any of Employer's life insurance, medical, health and accident or disability plans and incentive compensation or equity incentive compensation plans in which Employee was participating immediately before the Change in Control;

(F) has taken any action that would directly or indirectly materially reduce any of such benefits or deprive Employee of any material fringe benefit enjoyed by Employee immediately before the Change in Control;

(G) has failed to provide Employee with at least the number of paid vacation days to which Employee is entitled on the basis of years of service under Employer's normal vacation policy in effect immediately before the Change in Control giving credit for time served at prior employers;

(2) voluntarily terminate his employment within one year following such Change in Control and such termination shall be as a result of Employee's good faith determination that as a result of the Change in Control and a change in circumstances thereafter significantly affecting his position other than those listed in Section 8(d)(i)(1) above, he can no longer adequately exercise the authorities, powers, functions or duties attached to his position as an executive officer of Employer, Parent or any of their affiliates; or

(3) voluntarily terminate his employment within one year following such Change in Control, and such termination shall be as a result of Employee's good faith determination that he can no longer perform his duties as an executive officer of Employer, Parent or any of their affiliates by reason of a substantial diminution in his responsibilities, status, title or position;

(4) have his employment terminated by Employer for reasons other than those specified in Section 8(b)(ii) within one year following such Change in Control;

then in any of the above four cases, Employee shall have, instead of the rights described in Section 3(a), the right to immediately terminate this Agreement and receive from Employer, within fifteen business days following the date Employee notifies Employer of his constructive or voluntary termination pursuant to this Section 8(d)(i)(1), (2) or (3) or within three business days of having his employment terminated under 8(d)(i)(4) above, (A) a lump sum cash payment equal to three times the amount of Employee's Basic Salary with respect to the year in which such termination has occurred plus three times the greater of (x) the amount equal to the total bonus paid for the last completed year for which bonuses have been paid or (y) the amount equal to the bonuses that would have been payable for the then current year (or, in the case of termination date that occurs between January 1 of any year and the date that bonuses are paid based on the previous year), such previous year determined on a basis consistent with the last completed year for which bonuses have been paid but using the projected bonus amounts for the then current year (or, in the case of a termination date that occurs between January 1 of any year and the date that bonuses are paid based on the previous year, such previous year), determined by extrapolating the information as of the termination date based on the best information available at the time of the calculation; provided, however, that if Employee for any reason did not receive a bonus in the immediately preceding year and would not have been eligible for a bonus under (y) of the previous clause, Employee shall be deemed for purposes of this Section 8(d)(i) to have received a bonus in the amount of one-fourth of his annual Basic Salary for such year, and (B) medical plan coverage and other insurance benefits provided for himself and his spouse and dependents (to the extent his spouse and dependents are covered under the medical plan and other insurance benefits as of the date of Employee's termination of employment) for a period of three (3) years following the date of Employee's termination of employment (provided, however, that if such benefits are not available under Employer's benefit plans or applicable laws, Employer shall be responsible for the cost of providing equivalent benefits), and (C) any and all options, rights or awards granted in conjunction with Parent's or Employer's incentive compensation and stock option plans shall immediately vest; provided that, with respect to restricted stock awards or restricted stock unit awards that contain performance criteria for vesting, the greater of (x) the Base Shares (as such term is used in the restricted stock awards and restricted stock unit awards) or (y) the number of shares that would have vested on the date of the death or determination of permanent disability as if such date were the end of the Measurement Period (as such term is used in the restricted stock awards and the restricted stock unit awards) shall vest and all other shares covered by such awards shall be forfeited. Employee shall not be required to mitigate the amount of any payment provided for in this Section 8(d)(i) by seeking other employment or otherwise. Without duplication with the provisions under Section 9, to the extent the provision of any such medical benefits are taxable to Employee or his

spouse or dependents, Employer shall "gross up" Employee for such taxes based on Employee's actual tax rate (certified to Employer by Employee), up to 35% (without a "gross up" on the initial gross up). The obligation to provide this medical plan coverage shall terminate in the event Employee becomes employed by another employer that provides a medical plan that fully covers Employee and his dependents without a preexisting condition limitation. Employee shall be eligible for payments pursuant to this Section 8(d) if Employee complies with the terms of Sections 11 and 12 of this Agreement.

(ii) For purposes of this Agreement, a "Change in Control" shall mean:

(1) the obtaining by any person or persons acting as a group of fifty percent (50%) or more of the voting shares of Parent pursuant to a "tender offer" for such shares as provided under Rule 14d-2 promulgated under the Securities Exchange Act of 1934, as amended, or any subsequent comparable federal rule or regulation governing tender offers; or

(2) a majority of the members of the Parent's board of directors is replaced during any twelve (12) month period by new directors whose appointment or election is not endorsed by a majority of the members of the Parent's board of directors before the date of such new directors' appointment or election; or

(3) any person, or persons acting as a group, acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Parent that have a total gross fair market value equal to or more than seventy-five percent (75%) of the total gross fair market value of all of the assets of the Parent immediately before such acquisition or acquisitions (other than transfers to related persons as defined in Section 1.409A-3(i)(5)(vii)(B) of the Treasury Regulations).

The determination of whether a Change in Control has occurred shall be made in accordance with Section 409A of the Code (as defined below), and the Treasury Regulations and other guidance issued thereunder.

5. Section 12(e) shall be amended and restated in its entirety to read as follows:

(e) Restricted Area. The Restricted Area shall mean and include each of the following in which Hornbeck's Business is conducted:

(i) The following parishes of the State of Louisiana in which Employer carries on and is engaged in Hornbeck's business: Acadia, Allen, Ascension, Assumption, Beauregard, Calcasieu, Cameron, East Baton Rouge, East Feliciana, Evangeline, Iberia, Iberville, Jefferson, Jefferson Davis, Lafayette, Lafourche, Livingston, Orleans, Plaquemines, Pointe Coupee, St. Bernard, St. Charles, St. Helena, St. James, St. John, St. Landry, St. Martin, St. Mary, St. Tammany, Tangipahoa, Terrebonne, Vermilion, Washington, West Baton

Rouge, and West Feliciana and the state and federal waters offshore such parishes;

(ii) The following counties of the State of Texas in which Employer carries on and is engaged in Hornbeck's business: Aransas, Brazoria, Calhoun, Cameron, Chambers, Fort Bend, Galveston, Harris, Houston, Jackson, Jefferson, Kenedy, Kleberg, Liberty, Matagorda, Montgomery, Nueces, Orange, Refugio, San Jacinto, San Patricio, Waller and Willacy and the state and federal waters offshore such counties;

(iii) The following counties in the State of New York in which Employer carries on and is engaged in Hornbeck's business: Bronx, Kings, Nassau, New York, Queens, Richmond, Rockland, Suffolk, and Westchester and the state and federal waters offshore such parishes;

(iv) The following counties in the State of New Jersey in which Employer carries on and is engaged in Hornbeck's business: Atlantic, Bergen, Cape May, Hudson, Middlesex, Monmouth, Ocean and Union and the state and federal waters offshore such parishes;

(v) The following government subdivisions in the country of Trinidad and Tobago: San Fernando, Galeota and Chagaramas and the state and federal waters offshore the same;

(vi) The following government subdivisions of Mexico: Ciudad del Carmen, Poza Rica and Dos Bocas and the state and federal waters offshore the same;

(vi) The following government subdivisions of Brazil: Macaé, Vitória and Rio de Janeiro and the state and federal waters offshore the same; and

(vi) The following government subdivisions of Qatar: Doha and the state and federal waters offshore the same.

6. A new Section 19(e) shall be added to read as follows:

(e) This Agreement shall be construed to the extent necessary to comply with the provisions of Section 409A of the Code and any Treasury Regulations and other guidance issued thereunder.

7. A new Section 22 shall be added to read as follows:

22. Six-Month Delay. Notwithstanding any provision of this Agreement to the contrary, if, at the time of Employee's termination of employment with Employer, he is a "specified employee" as defined in Section 409A of the Code, and one or more of the payments or benefits received or to be received by Employee pursuant to this Agreement would constitute deferred compensation subject to Section 409A of the Code, no such payment or benefit will be provided



under this Agreement until the earlier of (a) the date that is six (6) months following Employee's termination of employment with Employer, or (b) the Employee's death. The provisions of this Section 22 shall only apply to the extent required to avoid Employee's incurrence of any penalty tax or interest under Section 409A of the Code or any Treasury Regulations and other guidance issued thereunder.

8. The parties hereby agree that from and after the effective date hereof, the Appendix A attached hereto shall be deemed to be the Appendix A attached to the Agreement between the parties for purposes of defining the bonus calculation methodologies for the year 2008 and thereafter, for so long as Employee shall be entitled to compensation under such Agreement with the EBITDA target reestablished by the Compensation Committee for each year after 2008, no later than March 31st of such year.
9. Except as set forth herein, the Agreement shall continue in full force and effect.

**[Remainder of page intentionally left blank.]**

**IN WITNESS WHEREOF** the parties have executed this Amendment as of the date first above written.

EMPLOYER:

HORNBECK OFFSHORE OPERATORS, LLC

By: /s/ Samuel A. Giberga

Samuel A. Giberga,

Senior Vice President and General Counsel

EMPLOYEE:

/s/ TODD M. HORNBECK

TODD M. HORNBECK

ACKNOWLEDGED AND AGREED TO FOR  
PURPOSES OF GUARANTEEING THE  
FINANCIAL OBLIGATIONS OF EMPLOYER  
TO EMPLOYEE:

HORNBECK OFFSHORE SERVICES, INC.

By: /s/ Samuel A. Giberga

Samuel A. Giberga,

Senior Vice President and General Counsel

**Signature Page to Amendment to Amended and Restated Senior Employment Agreement**

## APPENDIX A

Employer shall annually provide Employee with a bonus comprised of two components, each of which shall represent approximately 50% of the aggregate bonus potential. Component One shall be at least equal as a percentage of Basic Salary as is determined by comparing the actual Hornbeck Offshore Services, Inc. ("Parent") earnings before interest, taxes, depreciation and amortization ("EBITDA"), as adjusted by loss on early extinguishment of debt, stock-based compensation expense and interest income (as applicable) ("adjusted EBITDA"), calculated on a consolidated basis with Parent's subsidiaries, such actual Parent adjusted EBITDA performance to be derived from audited financial statements of Parent and its consolidated subsidiaries prepared in accordance with generally accepted accounting principles ("GAAP"), taking into account accruals for such bonuses for Employee and other employees of Employer, to the Parent adjusted EBITDA target set in advance by the Board (referred to herein as the "Target") for each fiscal year under the term of this Agreement as contemplated below. Component Two shall be determined at the sole discretion of the Compensation Committee of the Parent's Board of Directors based on the performance of the Company and Employee.

With respect to Component One, Employer and Employee agree that the Target is to be aggressively set by the Compensation Committee such that this bonus incentive for Employee is aligned with Parent stockholder goals for each fiscal year. If in any year (or portion thereof) Parent should issue additional equity in conjunction with any acquisition, newbuild program or for any other purpose, the Target originally set for such year (or portion thereof) will be adjusted to take into account the income statement effect of the use of proceeds. Bonus awards for the Component One Target based upon such percentage comparisons are as follows:

- (i) achievement of eighty percent (80%) of Target earns a bonus of ten percent (10%) of Basic Salary;
- (ii) achievement of one hundred percent (100%) of Target earns a bonus of fifty (50%) of Basic Salary; and
- (iii) achievement of one hundred twenty percent (120%) of Target earns a bonus of one hundred percent (100%) of Basic Salary.

With respect to Component One, the Bonus for Target achievement percentages (i) greater than eighty percent (80%) and less than one hundred percent (100%) and (ii) greater than one hundred percent (100%) but less than one hundred twenty percent (120%) shall be determined by the Compensation Committee using a curve which is a straight line connecting eighty percent (80%) and one hundred percent (100%) and another line connecting one hundred percent (100%) and one hundred twenty percent (120%). Notwithstanding the above, the Compensation Committee, in its sole discretion, may award a bonus to Employee under Component One for a Target achievement percentage that is less than eighty percent (80%), and the Compensation Committee, in its sole discretion, may award an additional bonus to Employee for a Target achievement percentage in excess of one hundred twenty percent (120%).

The applicable Component One Target and any other financial terms that vary from year to year will be set forth each year on an Appendix B.

**AMENDMENT TO  
AMENDED AND RESTATED  
EMPLOYMENT AGREEMENT**

This **AMENDMENT TO AMENDED AND RESTATED EMPLOYMENT AGREEMENT** (this "Amendment") is made and entered into effective as of the 12th day of May, 2008, by and between **HORNBECK OFFSHORE OPERATORS, LLC**, a Delaware limited liability company ("Employer"), **CARL G. ANNESSA**, ("Employee").

**WHEREAS**, Employer and Employee wish to amend that certain Amended and Restated Employment Agreement dated May 7, 2006 (the "Agreement") between Employer and Employee to reflect amendment required for the Agreement to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and to make certain technical changes;

**NOW, THEREFORE**, the parties hereby agree that from and after the date hereof, the following amended provisions shall be effective for the Agreement.

1. Section 2 shall be amended and restated in its entirety to read as follows:

2. Term. The term of employment under this Agreement shall commence on January 1, 2007 (the "Commencement Date") and shall continue through December 31, 2009; provided, however, that beginning on January 1, 2008, and on every January 1 thereafter (each a "Renewal Date"), the then existing term of this Agreement shall automatically be extended one additional year unless either party gives the other written notice of termination at least ninety (90) days prior to any such Renewal Date. Written notice by Employer shall be solely pursuant to duly adopted resolution of Employer's or Parent's board of directors. Upon delivery of such notice of nonrenewal from Employer to Employee, Employee shall be entitled to payment by Employer of an amount equal to one half of Employee's basic annualized salary for the year preceding such notice of nonrenewal, payable to Employee upon termination of his employment. Following the date of termination of this Agreement, except as set forth in the preceding sentence, Employee shall have no further rights, including but not limited to rights under Section 8, or obligations hereunder, except obligations set forth in Sections 11 and 12.

2. Section 7(b)(ii) shall be amended and restated in its entirety to read as follows:

(ii) The terms "permanently disabled" and "permanent disability" as used in this Agreement shall mean that Employee is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under any long term disability plan maintained by Employer that covers Employee. In the absence of such a long term disability plan, "permanently disabled" and "permanent disability" shall mean that Employee is

unable to engage in any substantial gainful activity for a period of at least ninety (90) days in any one-year period by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months. In the event Employee becomes "permanently disabled," the Board may terminate Employee's employment under this Agreement upon ten (10) days' prior written notice. If any determination with respect to "permanent disability" is disputed by Employee, the parties hereto agree to abide by the determination with respect to "permanent disability" of a panel of three physicians. Employee and the Board shall each appoint one member, and the third member of the panel shall be appointed by the other two members. Employee agrees to make himself available for and submit to examinations by such physicians as may be directed by the Board. Failure to submit to any such examination shall constitute a breach of a material part of this Agreement.

3. Section 8(c)(ii) shall be amended and restated in its entirety to read as follows:

(ii) If Employer shall terminate the employment of Employee without good cause effective on a date earlier than the termination date provided for in Section 2, any and all options, rights or awards granted in conjunction with Parent's or Employer's incentive compensation and stock option plans shall immediately vest; provided that, with respect to restricted stock awards or restricted stock unit awards that contain performance criteria for vesting, the number of shares that would have vested on the date of the termination as if such date were the end of the Measurement Period (as such term is used in the restricted stock awards and the restricted stock unit awards) shall vest and all other shares covered by such awards shall be forfeited.

4. Sections 8(d)(i)-(ii) shall be amended and restated in their entirety to read as follows:

(i) If a Change in Control of Employer, as defined in Section 8(d)(ii) shall occur, and Employee shall:

(1) voluntarily terminate his employment within one year following such Change in Control and such termination shall be as a result of Employee's good faith determination that Employer:

(A) has after the Change in Control reduced Employee's annual base salary or potential bonus level or any incentive compensation or equity incentive compensation plan benefit (as in effect immediately before such Change in Control);

(B) has relocated Employee's office to a location that is more than 35 miles from the location in which Employee principally works for Employer or Parent immediately before such Change in Control;

(C) has relocated the principal executive office of Parent, Employer or the office of Employer's operating group for which Employee performed the majority of his services for Employer during the year before the Change in Control to a location that is more than 35 miles from the location of such office immediately before such Change in Control;

(D) has required Employee, in order to perform duties of substantially equal status, dignity and character to those duties Employee performed immediately before the Change in Control, to travel on Employer's business to a substantially greater extent than is consistent with Employee's travel obligations immediately before such Change in Control;

(E) has failed to continue to provide Employee with benefits substantially equivalent to those enjoyed by Employee under any of Employer's life insurance, medical, health and accident or disability plans and incentive compensation or equity incentive compensation plans in which Employee was participating immediately before the Change in Control;

(F) has taken any action that would directly or indirectly materially reduce any of such benefits or deprive Employee of any material fringe benefit enjoyed by Employee immediately before the Change in Control;

(G) has failed to provide Employee with at least the number of paid vacation days to which Employee is entitled on the basis of years of service under Employer's normal vacation policy in effect immediately before the Change in Control giving credit for time served at prior employers;

(2) voluntarily terminate his employment within one year following such Change in Control and such termination shall be as a result of Employee's good faith determination that as a result of the Change in Control and a change in circumstances thereafter significantly affecting his position other than those listed in Section 8(d)(i)(1) above, he can no longer adequately exercise the authorities, powers, functions or duties attached to his position as an executive officer of Employer, Parent or any of their affiliates; or

(3) voluntarily terminate his employment within one year following such Change in Control, and such termination shall be as a result of Employee's good faith determination that he can no longer perform his duties as an executive officer of Employer, Parent or any of their affiliates by reason of a substantial diminution in his responsibilities, status, title or position;

(4) have his employment terminated by Employer for reasons other than those specified in Section 8(b)(ii) within one year following such Change in Control;

then in any of the above four cases, Employee shall have, instead of the rights described in Section 3(a), the right to immediately terminate this Agreement and receive from Employer, within fifteen business days following the date Employee notifies Employer of his constructive or voluntary termination pursuant to this Section 8(d)(i)(1), (2) or (3) or within three business days of having his employment terminated under 8(d)(i)(4) above, (A) a lump sum cash payment equal to three times the amount of Employee's Basic Salary with respect to the year in which such termination has occurred plus three times the greater of (x) the amount equal to the total bonus paid for the last completed year for which bonuses have been paid or (y) the amount equal to the bonuses that would have been payable for the then current year (or, in the case of termination date that occurs between January 1 of any year and the date that bonuses are paid based on the previous year), such previous year determined on a basis consistent with the last completed year for which bonuses have been paid but using the projected bonus amounts for the then current year (or, in the case of a termination date that occurs between January 1 of any year and the date that bonuses are paid based on the previous year, such previous year), determined by extrapolating the information as of the termination date based on the best information available at the time of the calculation; provided, however, that if Employee for any reason did not receive a bonus in the immediately preceding year and would not have been eligible for a bonus under (y) of the previous clause, Employee shall be deemed for purposes of this Section 8(d)(i) to have received a bonus in the amount of one-fourth of his annual Basic Salary for such year, and (B) medical plan coverage and other insurance benefits provided for himself and his spouse and dependents (to the extent his spouse and dependents are covered under the medical plan and other insurance benefits as of the date of Employee's termination of employment) for a period of three (3) years following the date of Employee's termination of employment (provided, however, that if such benefits are not available under Employer's benefit plans or applicable laws, Employer shall be responsible for the cost of providing equivalent benefits), and (C) any and all options, rights or awards granted in conjunction with Parent's or Employer's incentive compensation and stock option plans shall immediately vest; provided that, with respect to restricted stock awards or restricted stock unit awards that contain performance criteria for vesting, the greater of (x) the Base Shares (as such term is used in the restricted stock awards and restricted stock unit awards) or (y) the number of shares that would have vested on the date of the death or determination of permanent disability as if such date were the end of the Measurement Period (as such term is used in the restricted stock awards and the restricted stock unit awards) shall vest and all other shares covered by such awards shall be forfeited. Employee shall not be required to mitigate the amount of any payment provided for in this Section 8(d)(i) by seeking other employment or otherwise. Without duplication with the provisions under Section 9, to the extent the provision of any such medical benefits are taxable to Employee or his

spouse or dependents, Employer shall "gross up" Employee for such taxes based on Employee's actual tax rate (certified to Employer by Employee), up to 35% (without a "gross up" on the initial gross up). The obligation to provide this medical plan coverage shall terminate in the event Employee becomes employed by another employer that provides a medical plan that fully covers Employee and his dependents without a preexisting condition limitation. Employee shall be eligible for payments pursuant to this Section 8(d) if Employee complies with the terms of Sections 11 and 12 of this Agreement.

(ii) For purposes of this Agreement, a "Change in Control" shall mean:

(1) the obtaining by any person or persons acting as a group of fifty percent (50%) or more of the voting shares of Parent pursuant to a "tender offer" for such shares as provided under Rule 14d-2 promulgated under the Securities Exchange Act of 1934, as amended, or any subsequent comparable federal rule or regulation governing tender offers; or

(2) a majority of the members of the Parent's board of directors is replaced during any twelve (12) month period by new directors whose appointment or election is not endorsed by a majority of the members of the Parent's board of directors before the date of such new directors' appointment or election; or

(3) any person, or persons acting as a group, acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Parent that have a total gross fair market value equal to or more than seventy-five percent (75%) of the total gross fair market value of all of the assets of the Parent immediately before such acquisition or acquisitions (other than transfers to related persons as defined in Section 1.409A-3(i)(5)(vii)(B) of the Treasury Regulations).

The determination of whether a Change in Control has occurred shall be made in accordance with Section 409A of the Code (as defined below), and the Treasury Regulations and other guidance issued thereunder.

5. Section 12(e) shall be amended and restated in its entirety to read as follows:

(e) Restricted Area. The Restricted Area shall mean and include each of the following in which Hornbeck's Business is conducted:

(i) The following parishes of the State of Louisiana in which Employer carries on and is engaged in Hornbeck's business: Acadia, Allen, Ascension, Assumption, Beauregard, Calcasieu, Cameron, East Baton Rouge, East Feliciana, Evangeline, Iberia, Iberville, Jefferson, Jefferson Davis, Lafayette, Lafourche, Livingston, Orleans, Plaquemines, Pointe Coupee, St. Bernard, St. Charles, St. Helena, St. James, St. John, St. Landry, St. Martin, St. Mary, St. Tammany, Tangipahoa, Terrebonne, Vermilion, Washington, West Baton Rouge, and West Feliciana and the state and federal waters offshore such parishes;



(ii) The following counties of the State of Texas in which Employer carries on and is engaged in Hornbeck's business: Aransas, Brazoria, Calhoun, Cameron, Chambers, Fort Bend, Galveston, Harris, Houston, Jackson, Jefferson, Kenedy, Kleberg, Liberty, Matagorda, Montgomery, Nueces, Orange, Refugio, San Jacinto, San Patricio, Waller and Willacy and the state and federal waters offshore such counties;

(iii) The following counties in the State of New York in which Employer carries on and is engaged in Hornbeck's business: Bronx, Kings, Nassau, New York, Queens, Richmond, Rockland, Suffolk, and Westchester and the state and federal waters offshore such parishes;

(iv) The following counties in the State of New Jersey in which Employer carries on and is engaged in Hornbeck's business: Atlantic, Bergen, Cape May, Hudson, Middlesex, Monmouth, Ocean and Union and the state and federal waters offshore such parishes;

(v) The following government subdivisions in the country of Trinidad and Tobago: San Fernando, Galeota and Chagaramas and the state and federal waters offshore the same;

(vi) The following government subdivisions of Mexico: Ciudad del Carmen, Poza Rica and Dos Bocas and the state and federal waters offshore the same;

(vi) The following government subdivisions of Brazil: Macaé, Vitória and Rio de Janeiro and the state and federal waters offshore the same; and

(vi) The following government subdivisions of Qatar: Doha and the state and federal waters offshore the same.

6. A new Section 19(e) shall be added to read as follows:

(e) This Agreement shall be construed to the extent necessary to comply with the provisions of Section 409A of the Code and any Treasury Regulations and other guidance issued thereunder.

7. A new Section 22 shall be added to read as follows:

22. Six-Month Delay. Notwithstanding any provision of this Agreement to the contrary, if, at the time of Employee's termination of employment with Employer, he is a "specified employee" as defined in Section 409A of the Code, and one or more of the payments or benefits received or to be received by Employee pursuant to this Agreement would constitute deferred compensation subject to Section 409A of the Code, no such payment or benefit will be provided

under this Agreement until the earlier of (a) the date that is six (6) months following Employee's termination of employment with Employer, or (b) the Employee's death. The provisions of this Section 22 shall only apply to the extent required to avoid Employee's incurrence of any penalty tax or interest under Section 409A of the Code or any Treasury Regulations and other guidance issued thereunder.

8. The parties hereby agree that from and after the effective date hereof, the Appendix A attached hereto shall be deemed to be the Appendix A attached to the Agreement between the parties for purposes of defining the bonus calculation methodologies for the year 2008 and thereafter, for so long as Employee shall be entitled to compensation under such Agreement with the EBITDA target reestablished by the Compensation Committee for each year after 2008, no later than March 31st of such year.

9. Except as set forth herein, the Agreement shall continue in full force and effect.

**[Remainder of page intentionally left blank.]**

**IN WITNESS WHEREOF** the parties have executed this Amendment as of the date first above written.

EMPLOYER:

HORNBECK OFFSHORE OPERATORS, LLC

By: /s/ Samuel A. Giberga  
Samuel A. Giberga,  
Senior Vice President and General Counsel

EMPLOYEE:

/s/ CARL G. ANNESSA  
CARL G. ANNESSA

ACKNOWLEDGED AND AGREED TO FOR PURPOSES  
OF GUARANTEEING THE FINANCIAL OBLIGATIONS  
OF EMPLOYER TO EMPLOYEE:

HORNBECK OFFSHORE SERVICES, INC.

By: /s/ Samuel A. Giberga  
Samuel A. Giberga,  
Senior Vice President and General Counsel

**Signature Page to Amended and Restated Employment Agreement**

## APPENDIX A

Employer shall annually provide Employee with a bonus comprised of two components, each of which shall represent approximately 50% of the aggregate bonus potential. Component One shall be at least equal as a percentage of Basic Salary as is determined by comparing the actual Hornbeck Offshore Services, Inc. ("Parent") earnings before interest, taxes, depreciation and amortization ("EBITDA"), as adjusted by loss on early extinguishment of debt, stock-based compensation expense and interest income (as applicable) ("adjusted EBITDA"), calculated on a consolidated basis with Parent's subsidiaries, such actual Parent adjusted EBITDA performance to be derived from audited financial statements of Parent and its consolidated subsidiaries prepared in accordance with generally accepted accounting principles ("GAAP"), taking into account accruals for such bonuses for Employee and other employees of Employer, to the Parent adjusted EBITDA target set in advance by the Board (referred to herein as the "Target") for each fiscal year under the term of this Agreement as contemplated below. Component Two shall be determined at the sole discretion of the Compensation Committee of the Parent's Board of Directors based on the performance of the Company and Employee.

With respect to Component One, Employer and Employee agree that the Target is to be aggressively set by the Compensation Committee such that this bonus incentive for Employee is aligned with Parent stockholder goals for each fiscal year. If in any year (or portion thereof) Parent should issue additional equity in conjunction with any acquisition, newbuild program or for any other purpose, the Target originally set for such year (or portion thereof) will be adjusted to take into account the income statement effect of the use of proceeds. Bonus awards for the Component One Target based upon such percentage comparisons are as follows:

- (i) achievement of eighty percent (80%) of Target earns a bonus of ten percent (10%) of Basic Salary;
- (ii) achievement of one hundred percent (100%) of Target earns a bonus of fifty percent (50%) of Basic Salary; and
- (iii) achievement of one hundred twenty percent (120%) of Target earns a bonus of one hundred percent (100%) of Basic Salary.

With respect to Component One, the Bonus for Target achievement percentages (i) greater than eighty percent (80%) and less than one hundred percent (100%) and (ii) greater than one hundred percent (100%) but less than one hundred twenty percent (120%) shall be determined by the Compensation Committee using a curve which is a straight line connecting eighty percent (80%) and one hundred percent (100%) and another line connecting one hundred percent (100%) and one hundred twenty percent (120%). Notwithstanding the above, the Compensation Committee, in its sole discretion, may award a bonus to Employee under Component One for a Target achievement percentage that is less than eighty percent (80%), and the Compensation Committee, in its sole discretion, may award an additional bonus to Employee for a Target achievement percentage in excess of one hundred twenty percent (120%).

The applicable Component One Target and any other financial terms that vary from year to year will be set forth each year on an Appendix B.

**AMENDMENT TO  
AMENDED AND RESTATED  
EMPLOYMENT AGREEMENT**

This **AMENDMENT TO AMENDED AND RESTATED EMPLOYMENT AGREEMENT** (this "Amendment") is made and entered into effective as of the 12th day of May, 2008, by and between **HORNBECK OFFSHORE OPERATORS, LLC**, a Delaware limited liability company ("Employer"), **JAMES O. HARP, JR.**, ("Employee").

**WHEREAS**, Employer and Employee wish to amend that certain Amended and Restated Employment Agreement dated May 7, 2006 (the "Agreement") between Employer and Employee to reflect amendment required for the Agreement to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and to make certain technical changes;

**NOW, THEREFORE**, the parties hereby agree that from and after the date hereof, the following amended provisions shall be effective for the Agreement.

1. Section 2 shall be amended and restated in its entirety to read as follows:

2. Term. The term of employment under this Agreement shall commence on January 1, 2007 (the "Commencement Date") and shall continue through December 31, 2009; provided, however, that beginning on January 1, 2008, and on every January 1 thereafter (each a "Renewal Date"), the then existing term of this Agreement shall automatically be extended one additional year unless either party gives the other written notice of termination at least ninety (90) days prior to any such Renewal Date. Written notice by Employer shall be solely pursuant to duly adopted resolution of Employer's or Parent's board of directors. Upon delivery of such notice of nonrenewal from Employer to Employee, Employee shall be entitled to payment by Employer of an amount equal to one half of Employee's basic annualized salary for the year preceding such notice of nonrenewal, payable to Employee upon termination of his employment. Following the date of termination of this Agreement, except as set forth in the preceding sentence, Employee shall have no further rights, including but not limited to rights under Section 8, or obligations hereunder, except obligations set forth in Sections 11 and 12.

2. Section 7(b)(ii) shall be amended and restated in its entirety to read as follows:

(ii) The terms "permanently disabled" and "permanent disability" as used in this Agreement shall mean that Employee is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under any long term disability plan maintained by Employer that covers Employee. In the absence of such a long term disability plan, "permanently disabled" and "permanent disability" shall mean that Employee is

unable to engage in any substantial gainful activity for a period of at least ninety (90) days in any one-year period by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months. In the event Employee becomes "permanently disabled," the Board may terminate Employee's employment under this Agreement upon ten (10) days' prior written notice. If any determination with respect to "permanent disability" is disputed by Employee, the parties hereto agree to abide by the determination with respect to "permanent disability" of a panel of three physicians. Employee and the Board shall each appoint one member, and the third member of the panel shall be appointed by the other two members. Employee agrees to make himself available for and submit to examinations by such physicians as may be directed by the Board. Failure to submit to any such examination shall constitute a breach of a material part of this Agreement.

3. Section 8(c)(ii) shall be amended and restated in its entirety to read as follows:

(ii) If Employer shall terminate the employment of Employee without good cause effective on a date earlier than the termination date provided for in Section 2, any and all options, rights or awards granted in conjunction with Parent's or Employer's incentive compensation and stock option plans shall immediately vest; provided that, with respect to restricted stock awards or restricted stock unit awards that contain performance criteria for vesting, the number of shares that would have vested on the date of the termination as if such date were the end of the Measurement Period (as such term is used in the restricted stock awards and the restricted stock unit awards) shall vest and all other shares covered by such awards shall be forfeited.

4. Sections 8(d)(i)-(ii) shall be amended and restated in their entirety to read as follows:

(i) If a Change in Control of Employer, as defined in Section 8(d)(ii) shall occur, and Employee shall:

(1) voluntarily terminate his employment within one year following such Change in Control and such termination shall be as a result of Employee's good faith determination that Employer:

(A) has after the Change in Control reduced Employee's annual base salary or potential bonus level or any incentive compensation or equity incentive compensation plan benefit (as in effect immediately before such Change in Control);

(B) has relocated Employee's office to a location that is more than 35 miles from the location in which Employee principally works for Employer or Parent immediately before such Change in Control;

(C) has relocated the principal executive office of Parent, Employer or the office of Employer's operating group for which Employee performed the majority of his services for Employer during the year before the Change in Control to a location that is more than 35 miles from the location of such office immediately before such Change in Control;

(D) has required Employee, in order to perform duties of substantially equal status, dignity and character to those duties Employee performed immediately before the Change in Control, to travel on Employer's business to a substantially greater extent than is consistent with Employee's travel obligations immediately before such Change in Control;

(E) has failed to continue to provide Employee with benefits substantially equivalent to those enjoyed by Employee under any of Employer's life insurance, medical, health and accident or disability plans and incentive compensation or equity incentive compensation plans in which Employee was participating immediately before the Change in Control;

(F) has taken any action that would directly or indirectly materially reduce any of such benefits or deprive Employee of any material fringe benefit enjoyed by Employee immediately before the Change in Control;

(G) has failed to provide Employee with at least the number of paid vacation days to which Employee is entitled on the basis of years of service under Employer's normal vacation policy in effect immediately before the Change in Control giving credit for time served at prior employers;

(2) voluntarily terminate his employment within one year following such Change in Control and such termination shall be as a result of Employee's good faith determination that as a result of the Change in Control and a change in circumstances thereafter significantly affecting his position other than those listed in Section 8(d)(i)(1) above, he can no longer adequately exercise the authorities, powers, functions or duties attached to his position as an executive officer of Employer, Parent or any of their affiliates; or

(3) voluntarily terminate his employment within one year following such Change in Control, and such termination shall be as a result of Employee's good faith determination that he can no longer perform his duties as an executive officer of Employer, Parent or any of their affiliates by reason of a substantial diminution in his responsibilities, status, title or position;

(4) have his employment terminated by Employer for reasons other than those specified in Section 8(b)(ii) within one year following such Change in Control;

then in any of the above four cases, Employee shall have, instead of the rights described in Section 3(a), the right to immediately terminate this Agreement and receive from Employer, within fifteen business days following the date Employee notifies Employer of his constructive or voluntary termination pursuant to this Section 8(d)(i)(1), (2) or (3) or within three business days of having his employment terminated under 8(d)(i)(4) above, (A) a lump sum cash payment equal to three times the amount of Employee's Basic Salary with respect to the year in which such termination has occurred plus three times the greater of (x) the amount equal to the total bonus paid for the last completed year for which bonuses have been paid or (y) the amount equal to the bonuses that would have been payable for the then current year (or, in the case of termination date that occurs between January 1 of any year and the date that bonuses are paid based on the previous year), such previous year determined on a basis consistent with the last completed year for which bonuses have been paid but using the projected bonus amounts for the then current year (or, in the case of a termination date that occurs between January 1 of any year and the date that bonuses are paid based on the previous year, such previous year), determined by extrapolating the information as of the termination date based on the best information available at the time of the calculation; provided, however, that if Employee for any reason did not receive a bonus in the immediately preceding year and would not have been eligible for a bonus under (y) of the previous clause, Employee shall be deemed for purposes of this Section 8(d)(i) to have received a bonus in the amount of one-fourth of his annual Basic Salary for such year, and (B) medical plan coverage and other insurance benefits provided for himself and his spouse and dependents (to the extent his spouse and dependents are covered under the medical plan and other insurance benefits as of the date of Employee's termination of employment) for a period of three (3) years following the date of Employee's termination of employment (provided, however, that if such benefits are not available under Employer's benefit plans or applicable laws, Employer shall be responsible for the cost of providing equivalent benefits), and (C) any and all options, rights or awards granted in conjunction with Parent's or Employer's incentive compensation and stock option plans shall immediately vest; provided that, with respect to restricted stock awards or restricted stock unit awards that contain performance criteria for vesting, the greater of (x) the Base Shares (as such term is used in the restricted stock awards and restricted stock unit awards) or (y) the number of shares that would have vested on the date of the death or determination of permanent disability as if such date were the end of the Measurement Period (as such term is used in the restricted stock awards and the restricted stock unit awards) shall vest and all other shares covered by such awards shall be forfeited. Employee shall not be required to mitigate the amount of any payment provided for in this Section 8(d)(i) by seeking other employment or otherwise. Without duplication with the provisions under Section 9, to the extent the provision of any such medical benefits are taxable to Employee or his



spouse or dependents, Employer shall "gross up" Employee for such taxes based on Employee's actual tax rate (certified to Employer by Employee), up to 35% (without a "gross up" on the initial gross up). The obligation to provide this medical plan coverage shall terminate in the event Employee becomes employed by another employer that provides a medical plan that fully covers Employee and his dependents without a preexisting condition limitation. Employee shall be eligible for payments pursuant to this Section 8(d) if Employee complies with the terms of Sections 11 and 12 of this Agreement.

(ii) For purposes of this Agreement, a "Change in Control" shall mean:

(1) the obtaining by any person or persons acting as a group of fifty percent (50%) or more of the voting shares of Parent pursuant to a "tender offer" for such shares as provided under Rule 14d-2 promulgated under the Securities Exchange Act of 1934, as amended, or any subsequent comparable federal rule or regulation governing tender offers; or

(2) a majority of the members of the Parent's board of directors is replaced during any twelve (12) month period by new directors whose appointment or election is not endorsed by a majority of the members of the Parent's board of directors before the date of such new directors' appointment or election; or

(3) any person, or persons acting as a group, acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Parent that have a total gross fair market value equal to or more than seventy-five percent (75%) of the total gross fair market value of all of the assets of the Parent immediately before such acquisition or acquisitions (other than transfers to related persons as defined in Section 1.409A-3(i)(5)(vii)(B) of the Treasury Regulations).

The determination of whether a Change in Control has occurred shall be made in accordance with Section 409A of the Code (as defined below), and the Treasury Regulations and other guidance issued thereunder.

5. Section 12(e) shall be amended and restated in its entirety to read as follows:

(e) Restricted Area. The Restricted Area shall mean and include each of the following in which Hornbeck's Business is conducted:

(i) The following parishes of the State of Louisiana in which Employer carries on and is engaged in Hornbeck's business: Acadia, Allen, Ascension, Assumption, Beauregard, Calcasieu, Cameron, East Baton Rouge, East Feliciana, Evangeline, Iberia, Iberville, Jefferson, Jefferson Davis, Lafayette, Lafourche, Livingston, Orleans, Plaquemines, Pointe Coupee, St. Bernard, St. Charles, St. Helena, St. James, St. John, St. Landry, St. Martin, St. Mary, St. Tammany, Tangipahoa, Terrebonne, Vermilion, Washington, West Baton

Rouge, and West Feliciana and the state and federal waters offshore such parishes;

(ii) The following counties of the State of Texas in which Employer carries on and is engaged in Hornbeck's business: Aransas, Brazoria, Calhoun, Cameron, Chambers, Fort Bend, Galveston, Harris, Houston, Jackson, Jefferson, Kenedy, Kleberg, Liberty, Matagorda, Montgomery, Nueces, Orange, Refugio, San Jacinto, San Patricio, Waller and Willacy and the state and federal waters offshore such counties;

(iii) The following counties in the State of New York in which Employer carries on and is engaged in Hornbeck's business: Bronx, Kings, Nassau, New York, Queens, Richmond, Rockland, Suffolk, and Westchester and the state and federal waters offshore such parishes;

(iv) The following counties in the State of New Jersey in which Employer carries on and is engaged in Hornbeck's business: Atlantic, Bergen, Cape May, Hudson, Middlesex, Monmouth, Ocean and Union and the state and federal waters offshore such parishes;

(v) The following government subdivisions in the country of Trinidad and Tobago: San Fernando, Galeota and Chagaramas and the state and federal waters offshore the same;

(vi) The following government subdivisions of Mexico: Ciudad del Carmen, Poza Rica and Dos Bocas and the state and federal waters offshore the same;

(vi) The following government subdivisions of Brazil: Macaé, Vitória and Rio de Janeiro and the state and federal waters offshore the same; and

(vi) The following government subdivisions of Qatar: Doha and the state and federal waters offshore the same.

6. A new Section 19(e) shall be added to read as follows:

(e) This Agreement shall be construed to the extent necessary to comply with the provisions of Section 409A of the Code and any Treasury Regulations and other guidance issued thereunder.

7. A new Section 22 shall be added to read as follows:

22. Six-Month Delay. Notwithstanding any provision of this Agreement to the contrary, if, at the time of Employee's termination of employment with Employer, he is a "specified employee" as defined in Section 409A of the Code, and one or more of the payments or benefits received or to be received by Employee pursuant to this Agreement would constitute deferred compensation subject to Section 409A of the Code, no such payment or benefit will be provided

under this Agreement until the earlier of (a) the date that is six (6) months following Employee's termination of employment with Employer, or (b) the Employee's death. The provisions of this Section 22 shall only apply to the extent required to avoid Employee's incurrence of any penalty tax or interest under Section 409A of the Code or any Treasury Regulations and other guidance issued thereunder.

8. The parties hereby agree that from and after the effective date hereof, the Appendix A attached hereto shall be deemed to be the Appendix A attached to the Agreement between the parties for purposes of defining the bonus calculation methodologies for the year 2008 and thereafter, for so long as Employee shall be entitled to compensation under such Agreement with the EBITDA target reestablished by the Compensation Committee for each year after 2008, no later than March 31st of such year.
9. Except as set forth herein, the Agreement shall continue in full force and effect.

**[Remainder of page intentionally left blank.]**

**IN WITNESS WHEREOF** the parties have executed this Amendment as of the date first above written.

EMPLOYER:

HORNBECK OFFSHORE OPERATORS, LLC

By: /s/ Samuel A. Giberga

Samuel A. Giberga,

Senior Vice President and General Counsel

EMPLOYEE:

/s/ JAMES O. HARP, JR.

JAMES O. HARP, JR.

ACKNOWLEDGED AND AGREED TO FOR  
PURPOSES OF GUARANTEEING THE  
FINANCIAL OBLIGATIONS OF EMPLOYER  
TO EMPLOYEE:

HORNBECK OFFSHORE SERVICES, INC.

By: /s/ Samuel A. Giberga

Samuel A. Giberga,

Senior Vice President and General Counsel

**Signature Page to Amendment to Amended and Restated Employment Agreement**

## APPENDIX A

Employer shall annually provide Employee with a bonus comprised of two components, each of which shall represent approximately 50% of the aggregate bonus potential. Component One shall be at least equal as a percentage of Basic Salary as is determined by comparing the actual Hornbeck Offshore Services, Inc. ("Parent") earnings before interest, taxes, depreciation and amortization ("EBITDA"), as adjusted by loss on early extinguishment of debt, stock-based compensation expense and interest income (as applicable) ("adjusted EBITDA"), calculated on a consolidated basis with Parent's subsidiaries, such actual Parent adjusted EBITDA performance to be derived from audited financial statements of Parent and its consolidated subsidiaries prepared in accordance with generally accepted accounting principles ("GAAP"), taking into account accruals for such bonuses for Employee and other employees of Employer, to the Parent adjusted EBITDA target set in advance by the Board (referred to herein as the "Target") for each fiscal year under the term of this Agreement as contemplated below. Component Two shall be determined at the sole discretion of the Compensation Committee of the Parent's Board of Directors based on the performance of the Company and Employee.

With respect to Component One, Employer and Employee agree that the Target is to be aggressively set by the Compensation Committee such that this bonus incentive for Employee is aligned with Parent stockholder goals for each fiscal year. If in any year (or portion thereof) Parent should issue additional equity in conjunction with any acquisition, newbuild program or for any other purpose, the Target originally set for such year (or portion thereof) will be adjusted to take into account the income statement effect of the use of proceeds. Bonus awards for the Component One Target based upon such percentage comparisons are as follows:

- (i) achievement of eighty percent (80%) of Target earns a bonus of ten percent (10%) of Basic Salary;
- (ii) achievement of one hundred percent (100%) of Target earns a bonus of fifty percent (50%) of Basic Salary; and
- (iii) achievement of one hundred twenty percent (120%) of Target earns a bonus of one hundred percent (100%) of Basic Salary.

With respect to Component One, the Bonus for Target achievement percentages (i) greater than eighty percent (80%) and less than one hundred percent (100%) and (ii) greater than one hundred percent (100%) but less than one hundred twenty percent (120%) shall be determined by the Compensation Committee using a curve which is a straight line connecting eighty percent (80%) and one hundred percent (100%) and another line connecting one hundred percent (100%) and one hundred twenty percent (120%). Notwithstanding the above, the Compensation Committee, in its sole discretion, may award a bonus to Employee under Component One for a Target achievement percentage that is less than eighty percent (80%), and the Compensation Committee, in its sole discretion, may award an additional bonus to Employee for a Target achievement percentage in excess of one hundred twenty percent (120%).

The applicable Component One Target and any other financial terms that vary from year to year will be set forth each year on an Appendix B.

**AMENDMENT TO THE  
SECOND AMENDED and RESTATED  
HORNBECK OFFSHORE SERVICES, INC.  
INCENTIVE COMPENSATION PLAN**

This **AMENDMENT TO THE SECOND AMENDED and RESTATED HORNBECK OFFSHORE SERVICES, INC. INCENTIVE COMPENSATION PLAN** (this "Amendment") is made effective this 12th day of May, 2008 by the Board of Directors (the "Board") of Hornbeck Offshore Services, Inc. (the "Company").

**WHEREAS**, the Company sponsors the Second Amended and Restated Hornbeck Offshore Services, Inc. Incentive Compensation Plan (the "Plan");

**WHEREAS**, pursuant to Section 13.1 of the Plan, the Board may at any time amend the provisions of the Plan; and

**WHEREAS**, the Company desires to amend the Plan (i) to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and the final regulations and other guidance issued thereunder, and (ii) to add a section which governs the resolution of disputes which arise under the Plan.

**NOW, THEREFORE**, the Board hereby amends the Plan as follows:

1. Section 2.5 of the Plan is hereby amended by adding the following language to the end thereof:

With respect to any Award subject to Section 409A of the Code, the above definition of "Change in Control" shall not apply. Rather, with respect to these Awards, "Change in Control" shall mean the occurrence of a Change in Ownership of the Corporation, a Change in Effective Control of the Corporation, or a Change in Ownership of a Substantial Portion of Corporate Assets, as those terms are defined in subparagraphs (a), (b) and (c) of this Section 2.5, respectively, and in accordance with Section 1.409A-3(i)(5) of the Treasury Regulations, or any combination of Change in Control events.

(a) "Change in Ownership" shall mean a Change in Control event in which one person, or more than one person acting as a group, acquires ownership of stock of the Corporation that, together with stock held by such person or group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of the Corporation.

(b) "Change in Effective Control" shall mean a Change in Control event in which (i) any one person, or more than one person acting as a group, acquires within a twelve (12) month period stock possessing fifty percent (50%) or more of the total voting power of the stock of such corporation; or (ii) a majority of members of the Corporation's Board of Directors is replaced during

any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the members of the Corporation's Board of Directors before the date of the appointment or election.

(c) "Change in Ownership of a Substantial Portion of Corporate Assets" shall mean a Change in Control event in which any one unrelated person, or more than one person acting as a group, acquires from the Corporation during a twelve (12) month period assets having a total gross fair market value equal to or more than seventy-five percent (75%) of the total gross fair market value of all of the assets of the Corporation immediately before such acquisition or acquisitions.

2. Section 2.7 of the Plan is hereby amended by adding the following language to the end thereof:

With respect to any Award subject to Section 409A of the Code, the above definition of "Disability" shall not apply. Rather, with respect to these Awards, "Disability" shall mean that a person is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under any long term disability plan maintained by the Company that covers such person. In the absence of such a long term disability plan, "Disability" shall mean that a person is unable to engage in any substantial gainful activity for a period of at least ninety (90) days in any one-year period by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months.

3. The second to last sentence in Section 2.18 of the Plan is hereby amended by adding the clause ", determined in accordance with applicable guidance and regulations promulgated under Section 409A of the Code (or any successor provision thereto)" immediately after the phrase, "the value established by the Board."

4. Sections 2.41 through 2.44 of the Plan are hereby renumbered as Sections 2.42 through 2.45.

5. New Section 2.41 is hereby added to the Plan, which reads as follows:

2.41 "*Specified Employee*" shall mean, for any period during which the Company is publicly traded on an established securities market or otherwise, a Participant who, on the date of his separation from service, is treated as a "key employee" as defined under Section 416(i)(1)(A)(i), (ii), or (iii) of the Code (applied in accordance with the Treasury Regulations thereunder and disregarding subparagraph (5) thereof). A Participant will be treated as a Specified Employee on the date of his separation from service if such event occurs within the 12-month period following the effective date of the Company's determination that the Participant is a Specified Employee in accordance with the preceding sentence. The determination date and the effective date of such determination shall be established by resolution of the Board.

6. Section 2.42 of the Plan (renumbered Section 2.41 – the definition of “*Stock Appreciation Right*”) is hereby amended by deleting the parenthetical “(or such other value as may be specified in the agreement granting such Stock Appreciation Right)”.

7. New Section 6.8 is hereby added to the Plan, which reads as follows:

6.8 *Discretion of Committee*. The Committee shall have the sole discretion, exercisable at any time, to extend the term during which a Stock Option is to remain exercisable following the Participant’s termination of service with the Company or a Subsidiary from the period otherwise in effect for that Stock Option and set forth in the Award agreement to such greater period of time as the Committee shall deem appropriate; provided, however, that the term during which the Stock Option is exercisable shall not be extended to a date beyond the later of (i) the Award term under subsection 6.4 or (ii) thirty (30) days following the first date on which the exercise of the Stock Option would no longer violate applicable federal, state, local or foreign laws and would no longer jeopardize the ability of the Company to continue as a going concern. An extension of the time during which a Stock Option is exercisable shall not be treated as the grant of a new Stock Option except to the extent required, with respect to an Incentive Stock Option, under Section 424(h) of the Code and, with respect to a Non-Qualified Stock Option, under Section 409A of the Code.

8. Section 9 of the Plan is hereby amended in its entirety to read as follows:

#### SECTION 9. OTHER AWARDS

9.1. *General*. The Committee may, in its sole and absolute discretion, grant to any eligible Consultant, non-employee Director or Employee of the Company or a Subsidiary, other forms of Awards based upon, payable in or otherwise related to, in whole or in part, the Common Stock, if the Committee, in its sole and absolute discretion, determines that such other form of Award is appropriate and not inconsistent with the purposes of this Plan. The types of Awards that may be issued under this Section 9 shall include but not be limited to restricted stock units, dividend equivalent rights, and performance-based compensation. The terms and conditions of such other form of Award shall be specified in an Award agreement that sets forth the terms and conditions of such Award, including, but not limited to, the price, the vesting schedule, and any Performance Goal and other conditions and restrictions as the Committee shall impose as are not inconsistent with the terms of the Plan. In no event shall the price per Share of any Award based upon, payable in or otherwise related to, in whole or in part, the Common Stock be less than the par value of such Share. To the extent that any Award issued under this Section 9 constitutes a “nonqualified deferred compensation plan” under Section 409A of the Code, then such Award shall be subject to the restrictions set forth in subsection 9.2 hereof.

9.2. Restrictions on Deferred Compensation.



(a) *Applicability of Code Section 409A.* Notwithstanding any provision herein or in an applicable Award agreement to the contrary, any Award issued hereunder that constitutes a deferral of compensation under a “nonqualified deferred compensation plan,” as such term is defined under Section 409A(d)(1) of the Code (or a successor provision thereto), shall be subject to the requirements of this subsection 9.2 and the Award agreement shall include such terms and conditions as are required to comply with the requirements of Section 409A of the Code (or a successor provision thereto) and applicable guidance published in the Internal Revenue Bulletin.

(b) *Restrictions on Distributions.* A Participant shall not be permitted to exercise or otherwise receive payment in connection with an Award subject to this subsection 9.2 on a date earlier than the date on which any of the following events occur:

(i) The Participant’s separation from service;

(ii) The date the Participant becomes Disabled (as defined in subsection 2.7 for purposes of Awards that are subject to Code Section 409A);

(iii) The Participant’s death;

(iv) At a time or pursuant to a fixed schedule specified in the applicable Award agreement;

(v) Upon a Change in Control (as defined in subsection 2.5 for purposes of Awards that are subject to Code Section 409A); or

(vi) Upon the occurrence of an unforeseeable emergency (as defined under Section 409A(a)(2)(B)(ii)(I) of the Code).

The Committee may include one or more of the foregoing events in the applicable Award agreement as permissible events upon the earliest occurrence of which the Participant may exercise or otherwise receive payment in connection with such Award.

(c) *Delay for Specified Employees.* Notwithstanding the foregoing, or any provision of this Plan or the terms of an Award agreement to the contrary, a Participant who is a Specified Employee may not exercise or otherwise receive payment under any Award subject to this subsection 9.2 following his separation from service prior to the earliest of (i) the first day of the seventh (7th) month following the date of such Participant’s separation from service, (ii) the Participant’s death or (iii) the occurrence of a permissible acceleration event described in paragraph (d) hereof.

(d) *Prohibited Acceleration.* The time at which, or the schedule pursuant to which, a Participant may exercise or otherwise receive payment in connection with an Award subject to this subsection 9.2 may not be accelerated, except as follows:

(i) *Income Inclusion under Code Section 409A.* If the Award fails to meet the requirements of Section 409A of the Code, the Participant may receive payment in connection with the Award before the Award would otherwise be paid, provided, however, that the amount paid to the Participant shall not exceed the lesser of (i) the amount payable under such Award or (ii) the amount to be reported pursuant to Section 409A of the Code on the applicable Form W-2 (or Form 1099) as taxable income to the Participant.

(ii) *Withholding Purposes.* If the Company is required to withhold an amount to pay the Participant's portion of the Federal Insurance Contributions Act (FICA) tax imposed under Sections 3101, 3121(a) or 3121(v)(2) of the Code with respect to an amount that is or will be paid to the Participant under the Award before the amount otherwise would be paid, the Committee may withhold an amount equal to the lesser of: (i) the amount payable under such Award or (ii) the aggregate of the FICA taxes imposed and the income tax withholding related to such amount.

An acceleration will not be deemed to have occurred where the time or schedule for receiving payment in connection with an Award is accelerated as the result of the occurrence of an intervening event that is described in the Award agreement and that constitutes a permissible event described in paragraph (b) (except to the extent otherwise limited in accordance with paragraph (c)).

(e) *Delay for Compelling Business Reasons.* Notwithstanding any provision of this subsection 9.2 to the contrary, the date on which a Participant may exercise or otherwise receive payment under an Award subject to this subsection 9.2 may be delayed to a date later than the date specified in the Award agreement; provided such delay satisfies the requirements of this paragraph (e).

(i) *Going Concern.* In the event the Board determines that the exercise of the Award or the making of any payment under the Award on the date specified in the Award agreement would jeopardize the ability of the Company to continue as a going concern, the Committee may delay the exercise or payment of the Award until the first calendar year in which the Board notifies the Committee that the exercise or payment would not have such effect.

(ii) *Loss of Deduction.* In the event the Board determines that the Company's Federal income tax deduction for benefits recognized or paid under the Award would not be permitted due to the application of Section 162(m) of the Code, the Committee may delay the date on which the Award would otherwise be exercised or the date on which the payment of such benefits would otherwise be made or commence, provided that the Award is exercised or the payment is made either (i) in the first taxable year of the Participant in which the Company reasonably anticipates (or should reasonably anticipate) that the Federal income tax deduction of such benefit would not be barred by application of Section

162(m) of the Code or (ii) during the period beginning with the date of the Participant's separation from service and ending on the later of the last day of the taxable year of the Company in which the Participant's separation from service occurred or, if later, the 15th day of the third month following the Participant's separation from service. In the case of a Specified Employee, however, the period described in clause (ii) of the immediately preceding sentence shall instead be measured from the first day of the seventh (7th) month following such Participant's separation from service to the last day of the taxable year of the Company in which such date occurred or, if later, the 15th day of the third month following such date.

(iii) *Violation of Securities Laws.* In the event the Board reasonably anticipates that the exercise of the Award or the payment or commencement of benefits under the Award will violate Federal securities laws or other applicable law (other than Section 409A of the Code), the date on which the Award would otherwise be exercised or the date on which the payment of such benefits would otherwise be made or commence may be delayed until the earliest date on which the Board reasonably anticipates that the exercise of the Award or the making or commencement of such payment would not cause such violation.

(f) *Administrative Delay in Payment.* An Award subject to this subsection 9.2 shall be exercised or paid on the date specified in accordance with the provisions of the foregoing paragraphs of this subsection 9.2; provided that, in the case of administrative necessity, the exercise or payment of such Award may be delayed up to the later of (i) the last day of the calendar year in which the Award would otherwise be exercised or the payment would otherwise be made or (ii) the 15th day of the third calendar month following the date on which the Award would be exercised or the payment would otherwise be made. Further, if, as a result of events beyond the control of the Participant (or following the Participant's death, the Participant's Designated Beneficiary), it is not administratively practicable for the Committee to calculate the amount of benefits due to such Participant as of the date on which the Award would otherwise be exercised or payment would otherwise be made, the exercise or payment may be delayed until the first calendar year in which calculation of the amount is administratively practicable.

(g) *No Participant Election.* Notwithstanding the foregoing provisions, if the period during which payment of an Award will be made occurs, or will occur, in two calendar years, the Participant shall not be permitted to elect the calendar year in which the payment shall be made.

9. Section 10 of the Plan is hereby amended in its entirety to read as follows:

SECTION 10. RESERVED

10. Section 14 of the Plan is hereby amended in its entirety to read as follows:

SECTION 14. AMENDMENTS AND ADJUSTMENTS TO AWARDS

The Committee or the Board may amend, modify or terminate any outstanding Award with the Participant's consent at any time prior to payment or exercise in any manner not inconsistent with the terms of this Plan, including, without limitation, (i) to change the date or dates as of which and/or the terms and conditions pursuant to which (A) a Stock Option becomes exercisable or (B) a Performance Award is deemed earned or (ii) to cancel an Award and grant a new Award in substitution therefor under such different terms and conditions as the Committee or the Board determines in its sole discretion to be appropriate including, but not limited to, having an exercise price per share which may be higher or lower than the exercise price per share of the cancelled Award. The Committee or the Board may also make adjustments in the terms and conditions of, and the criteria included in agreements evidencing Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in Section 12 hereof) affecting the Company, or the financial statements of the Company or any Affiliate, or of changes in applicable laws, regulations or accounting principles, whenever the Committee or the Board determines that such adjustments are appropriate to prevent reduction or enlargement of the benefits or potential benefits intended to be made available pursuant to this Plan. Any provision of this Plan (other than Section 9.2) or any agreement regarding an Award to the contrary notwithstanding, the Committee or the Board may cause any Award granted to be cancelled in consideration of a cash payment or alternative Award made to the holder of such cancelled Award equal in value to the Fair Market Value of such cancelled Award; provided, no cash payment or alternative Award shall be made which would constitute an impermissible acceleration of a payment of deferred compensation under Code Section 409A. The determinations of value pursuant to this Section 14 shall be made by the Committee or the Board in its sole discretion.

11. Section 15.10 of the Plan is hereby amended in its entirety to read as follows:

15.10. *Code Section 409A.* It is the intent of the Company that the Plan comply in all respects with Section 409A of the Code and that any ambiguities or inconsistencies in construction of the Plan be interpreted to give effect to such intention.

12. Section 15.13 of the Plan is hereby amended in its entirety to read as follows:

15.13. *Transferability of Awards.* Incentive Stock Options may not be transferred or assigned other than by will or the laws of descent and distribution and may be exercised during the lifetime of the Participant only by the Participant or the Participant's legally authorized representative, and each Award agreement in respect of an Incentive Stock Option shall so provide. The designation by a Participant of a Beneficiary will not constitute a transfer of the Stock Option. The Committee may waive or modify any limitation contained in the preceding sentences of this Section 15.13 that is not required for compliance with Section 422 of the Code. The Committee may, in its discretion, authorize all or a portion of an Award other than an Incentive Stock Option to be granted to a Participant to be on terms which permit transfer by such Participant to (i) the spouse, children or grandchildren of the Participant ("Immediate Family Members"),

(ii) a trust or trusts for the exclusive benefit of such Immediate Family Members, or (iii) a partnership in which such Immediate Family Members are the only partners, (iv) an entity exempt from federal income tax pursuant to Section 501(c)(3) of the Code or any successor provision, or (v) a split interest trust or pooled income fund described in Section 2522(c)(2) of the Code or any successor provision, provided that (w) there shall be no consideration for any such transfer, (x) the Award agreement pursuant to which such Award is granted must be approved by the Committee and must expressly provide for transferability in a manner consistent with this Section 15.13, (y) no such transfer shall be permitted if the Common Stock issuable under such Award would not be eligible to be registered on Form S-8 promulgated under the Securities Act, and (z) subsequent transfers of the Award shall be prohibited except those by will or the laws of descent and distribution. Transferred Awards shall continue to be subject to the same terms and conditions as were applicable immediately prior to transfer, provided that for purposes of Section 6.7 or Section 7, as applicable, and Articles 12, 13, 14, and 15 hereof the term "Participant" shall be deemed to include the transferee. The events of a termination of service shall continue to be applied with respect to the original Participant, following which the transferred Award shall be exercisable by the transferee only to the extent and for the periods specified in the original Award agreement and applicable to the Participant. The Committee and the Company shall have no obligation to inform any transferee of an Award of any expiration, termination, lapse or acceleration of such Award. The Company shall have no obligation to register with any federal or state securities commission or agency any Common Stock issuable or issued under an Award that has been transferred by a Participant under this Section 15.13. Notwithstanding the foregoing, Awards granted under this Plan may be transferred to a former spouse of a Participant pursuant to a valid court order incident to a divorce.

13. Section 15.16 is hereby deleted in its entirety and replaced with the following:

15.16. *Date of Grant of an Award.* Each Award will be deemed to have been granted as of the date on which the Committee has completed the action declaring the Award, which date shall be specified by the Committee in the applicable Award agreement, notwithstanding any delay which may elapse in executing and delivering such Award agreement. However, a Participant will not be entitled to receive a benefit under an Award until the Award is accepted by the Participant in a manner deemed appropriate by the Committee.

14. New Section 15.17 is hereby added to the Plan, which reads as follows:

15.17 *Dispute Resolution.* The provisions of this Section 15.17 shall be the exclusive means of resolving disputes of the parties (including any other persons claiming any rights or having any obligations through the Company or Participant) arising out of or relating to the Plan or any applicable Award agreement. The parties shall resolve any disputes arising out of or relating to the Plan or any applicable Award agreement pursuant to the Hornbeck-Offshore Operators, LLC Exclusive Dispute Resolution Agreement Mediation and Arbitration Procedure (the "Procedure"), a copy of which, as it may be amended from time to time, by the Company in its sole discretion, is

attached to this Plan as Exhibit A and is incorporated herein by reference. In the case of a dispute which is not subject to the Procedure, either party may file suit and each party agrees that any suit, action, or proceeding arising out of or relating to the Plan or any applicable Award agreement shall be brought in any state court of competent jurisdiction in St. Tammany Parish or in the United States District Court for the Eastern District of Louisiana and that the parties shall submit to the jurisdiction of such court. The parties irrevocably waive, to the fullest extent permitted by law, any objection a party may have to the laying of venue for any such suit, action or proceeding brought in such court. THE PARTIES ALSO EXPRESSLY WAIVE ANY RIGHT THEY HAVE OR MAY HAVE TO A JURY TRIAL OF ANY SUCH SUIT, ACTION OR PROCEEDING. If any one or more provisions of this Section 15.17 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

**SECOND AMENDED AND RESTATED  
HORNBECK OFFSHORE SERVICES, INC.  
INCENTIVE COMPENSATION PLAN**

**AMENDMENT TO  
RESTRICTED STOCK AGREEMENT**

This **AMENDMENT TO RESTRICTED STOCK AGREEMENT** (this "**Amendment**") is made effective as of \_\_\_\_\_, by and between Hornbeck Offshore Services, Inc. (the "**Company**") and \_\_\_\_\_ ("**Employee**").

WITNESSETH THAT:

WHEREAS, Employee and the Company entered into that certain Restricted Stock Agreement dated effective as of \_\_\_\_\_, 20\_\_ (the "**Agreement**"), pursuant to which the Company granted Restricted Shares (as defined in the Agreement) to Employee on the terms described therein;

WHEREAS, the parties desire to amend the Agreement to clarify the Company's intent and to ensure that the rights of Employee under the Agreement conform to rights granted to the Company's other named executive officers.

NOW, THEREFORE, the parties agree that the Agreement is hereby amended as follows:

1. **Defined Terms.** Each capitalized term used herein but not otherwise defined herein has the meaning given such term in the Agreement. Unless otherwise indicated, all section references in this Amendment refer to sections of the Agreement.

2. **Amendment to Section 4(d).** Section 4(d) is hereby amended by deleting it and replacing it in its entirety to read as follows:

(d) **Death or Disability.** In the event of the Employee's death or Disability during the Measurement Period then (i) the Company shall determine the Relative Performance Rank on the business day immediately prior to such death or Disability as if such day of determination was the end of the Measurement Period and, if not previously forfeited, Employee shall vest in and have a non-forfeitable right to the greater of (x) the Base Restricted Shares or (y) that percentage of the Base Restricted Shares and that percentage of the Bonus Restricted Shares corresponding to the Relative Performance Rank, as set forth in the table in paragraph (e) of this Section 4, and (ii) Employee shall, for no consideration, forfeit to the Company upon such death or Disability all of the Restricted Shares that remain unvested at such time.

3. **Amendment to Section 4(f).** Section 4(f) is hereby amended by deleting it and replacing it in its entirety to read as follows:

(f) **Change of Control.** If a Change of Control occurs during the Measurement Period then (i) the Company shall determine the Relative Performance Rank on the business day immediately prior to such Change of Control as if such day of determination was the end of the Measurement Period and, if not previously forfeited, Employee shall vest in and have a non-forfeitable right to the greater of (x) the Base Restricted Shares or (y) that percentage of the Base Restricted Shares and that percentage of the Bonus Restricted Shares corresponding to the Relative Performance Rank, as set forth in the table in paragraph (e) of this Section 4, above, and (ii) Employee shall, for no consideration, forfeit to the Company upon such Change of Control all of the Restricted Shares that remain unvested at such time.

**IN WITNESS WHEREOF**, the Company has caused this Amendment to be duly executed by an authorized officer and Employee has executed this Amendment, all as of the date first above written.

**HORNBECK OFFSHORE SERVICES, INC.**

By: \_\_\_\_\_

Title: \_\_\_\_\_

**EMPLOYEE**

\_\_\_\_\_  
Name: \_\_\_\_\_



**SECOND AMENDED AND RESTATED  
HORNBECK OFFSHORE SERVICES, INC.  
INCENTIVE COMPENSATION PLAN**

**AMENDMENT TO  
RESTRICTED STOCK UNIT AGREEMENT  
FOR EXECUTIVE OFFICERS  
(Performance Based)**

This **AMENDMENT TO RESTRICTED STOCK UNIT AGREEMENT** (this "**Amendment**") is made effective as of \_\_\_\_\_, by and between Hornbeck Offshore Services, Inc. (the "**Company**") and \_\_\_\_\_ ("**Employee**").

WITNESSETH THAT:

WHEREAS, Employee and the Company entered into that certain Restricted Stock Unit Agreement dated effective as of \_\_\_\_\_, 20\_\_ (the "**Agreement**"), pursuant to which the Company granted RS Units (as defined in the Agreement) to Employee on the terms described therein;

WHEREAS, the parties desire to amend the Agreement to clarify the Company's intent and to ensure that the rights of Employee under the Agreement conform to rights granted to the Company's other named executive officers.

NOW, THEREFORE, the parties agree that the Agreement is hereby amended as follows:

1. **Defined Terms.** Each capitalized term used herein but not otherwise defined herein has the meaning given such term in the Agreement. Unless otherwise indicated, all section references in this Amendment refer to sections of the Agreement.

2. **Amendment to Section 4(e).** Section 4(e) is hereby amended by deleting it and replacing it in its entirety to read as follows:

(e) **Death or Disability.** In the event of the Employee's death or Disability during the Measurement Period then (i) the Company shall determine the **[Insert Performance Measure]** on the business day immediately prior to such death or Disability as if such day of determination was the end of the Measurement Period and, if not previously forfeited, Employee shall vest in and have a non-forfeitable right to the greater of (x) the Base RS Units or (y) that percentage of the Base RS Units and that percentage of the Bonus RS Units corresponding to the **[Insert Performance Measure]**, as set forth in the table in paragraph (f) of this Section 4, and (ii) Employee shall, for no consideration, forfeit to the Company upon such death or Disability all of the RS Units that remain unvested at such time.

3. **Amendment to Section 4(g).** Section 4(g) is hereby amended by deleting it and replacing it in its entirety to read as follows:

(g) **Change of Control.** If a Change of Control occurs during the Measurement Period then (i) the Company shall determine the **[Insert Performance Measure]** on the business day immediately prior to such Change of Control as if such day of determination was the end of the Measurement Period and, if not previously forfeited, Employee shall vest in and have a non-forfeitable right to the greater of (x) the Base RS Units or (y) that percentage of the Base RS Units and that percentage of the Bonus RS Units corresponding to the **[Insert Performance Measure]**, as set forth in the table in paragraph (f) of this Section 4, above, and (ii) Employee shall, for no consideration, forfeit to the Company upon such Change of Control all of the RS Units that remain unvested at such time.

**IN WITNESS WHEREOF**, the Company has caused this Amendment to be duly executed by an authorized officer and Employee has executed this Amendment, all as of the date first above written.

**HORNBECK OFFSHORE SERVICES, INC.**

By: \_\_\_\_\_

Title: \_\_\_\_\_

**EMPLOYEE**

Name: \_\_\_\_\_

**SECOND AMENDED AND RESTATED  
HORNBECK OFFSHORE SERVICES, INC.  
INCENTIVE COMPENSATION PLAN**

**EXECUTIVE OFFICER RESTRICTED STOCK UNIT AGREEMENT  
(Time Vesting)**

**THIS RESTRICTED STOCK UNIT AGREEMENT** (this "**Agreement**") is made effective as of \_\_\_\_\_ (the "**Award Date**") by and between Hornbeck Offshore Services, Inc. (the "**Company**") and \_\_\_\_\_ ("**Employee**").

1. **GRANT OF RESTRICTED STOCK UNITS.** Pursuant to the Second Amended and Restated Hornbeck Offshore Services, Inc. Incentive Compensation Plan (the "**Plan**") Employee is hereby awarded Restricted Stock Units covering \_\_\_\_\_ shares of the Common Stock of the Company. On any day, the value of a Restricted Stock Unit shall equal the Fair Market Value of one share of Common Stock of the Company. All of the Restricted Stock Units shall be subject to the Forfeiture Restrictions as set forth in Section 4 of this Agreement.

2. **EFFECT OF THE PLAN.** The Restricted Stock Units awarded to Employee are subject to all of the terms and conditions of the Plan, which terms and conditions are incorporated herein for all purposes, and of this Agreement together with all rules and determinations from time to time issued by the Committee and by the Board pursuant to the Plan. The Company hereby reserves the right to amend, modify, restate, supplement or terminate the Plan without the consent of Employee, so long as such amendment, modification, restatement or supplement shall not materially reduce the rights and benefits available to Employee hereunder, and this Award shall be subject, without further action by the Company or Employee, to such amendment, modification, restatement or supplement unless provided otherwise therein. Capitalized terms used but not defined in this Agreement shall have the meanings ascribed to such terms in the Plan.

3. **DEFINITIONS.**

(a) "**Disability**" means permanent and total disability within the meaning of section 22(e)(3) of the Internal Revenue Code of 1986, as amended.

(b) "**Forfeiture Restrictions**" means the prohibition on transfer of the Restricted Stock Units and the obligations to forfeit the Restricted Stock Units to the Company as set forth in Section 4 of this Agreement.

(c) "**Restricted Stock Unit**" means an Award representing an unfunded, unsecured right to receive one share of the Common Stock of the Company.

(d) "**Retirement**" means Employee's retirement from employment with the Company or any of its Subsidiaries, other than termination for Cause, on or after the date Employee attains age 60 provided Employee has ten (10) years of service as of the date Employee retires from service, or on or after Employee attains age 65.

4. **RESTRICTIONS AND VESTING.** Employee hereby accepts the Award of the Restricted Stock Units and agrees with respect thereto as follows:

(a) **Transferability.** The Restricted Stock Units may be transferred in a manner consistent with Section 15.13 of the Plan. Except as provided in Section 15.13 of the Plan and elsewhere in this Agreement and the Plan, the Restricted Stock Units shall not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred except by will or the laws of descent and distribution. Any attempted assignment of a Restricted Stock Unit in violation of this Agreement shall be null and void. The Company shall not be required to honor the transfer of any Restricted Stock Units that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or the Plan.

(b) **Mandatory Mediation and Arbitration Procedure.** By execution of this Agreement and acceptance of this Award, which is a voluntary benefit provided to Employee by the Company, Employee waives Employee's right to a jury trial in state or federal court and agrees that (i) the Hornbeck Offshore Operators, LLC Dispute Resolution Agreement Mediation and Arbitration Procedure attached hereto as Exhibit A ("**Dispute Resolution Procedure**") and Section 15.17 of the Plan shall be the sole and exclusive means of resolving disputes of the parties (including any other persons claiming any rights or having any obligations through the Company or Employee) arising out of or relating to this Agreement, and (ii) the Dispute Resolution Procedure shall be the sole and exclusive means for resolving any other covered dispute between Employee and the Company or any of its Subsidiaries (including any other person(s) claiming any rights or having any obligations through the Company or Employee). By execution of this Agreement, however, Employee does not waive Employee's right to any normally available remedies Employee may have in connection with any claim Employee may bring against the Company or any of its Subsidiaries, as an arbitrator can award any normal remedies Employee could get in a court proceeding. By execution of this Agreement Employee represents that to the extent Employee considered necessary, Employee has sought, at Employee's own expense, counsel regarding the terms of this Agreement and the waiver contemplated in this Section 4(b).

(c) **Forfeiture of Restricted Stock Units.** If Employee terminates service with the Company and its Subsidiaries prior to the \_\_\_\_\_ anniversary of the Award Date for any reason other than the Employee's death, Disability, or Retirement, as herein defined, or if Employee (or Employee's estate) shall initiate a legal proceeding against the Company other than pursuant to the terms of the Dispute Resolution Procedure, then Employee (or Employee's estate, as applicable) shall, for no consideration, forfeit all Restricted Stock Units; provided, however, that the Committee or its designee may, in the Committee's or the designee's sole and absolute discretion, as applicable, provide for the acceleration of the vesting of the Restricted Stock Units, eliminate or make less restrictive any restrictions contained in this Agreement, waive any restriction or other provision of the Plan or this Agreement or otherwise amend or modify this Agreement in any manner that is either (i) not adverse to Employee, or (ii) consented to by Employee.

Notwithstanding the forgoing, if prior to the \_\_\_\_\_ anniversary of the Award Date based upon reasonable investigation and belief, the Committee or its designee, as applicable, determines that Employee should be subject to disciplinary action other than termination of Employee's service with the Company or any of its Subsidiaries, such disciplinary action can include Employee's forfeiture of all or any portion of Employee's Restricted Stock Units awarded under this Agreement, such determination to be made by the Committee or its designee, in the Committee's or the designee's sole and absolute discretion, as applicable. For purposes of this paragraph such action can be taken by the Committee or its designee, as applicable, because of (i) any act or omission of Employee that (A) results in the assessment of a criminal penalty against the Company, (B) is otherwise in violation of any federal, state, local or foreign law or regulation (other than traffic violations and other similar misdemeanors), (C) adversely affects or could reasonably be expected to adversely affect the business reputation of the Company, or (D) otherwise constitutes willful misconduct, gross negligence, or any act of dishonesty or disloyalty, (ii) the violation by Employee of policies established by the Company, or (iii) the Company's determination that Employee's performance or conduct was unacceptable.

(d) **Vesting of Restricted Stock Units.** If Employee provides continuous, eligible service to the Company and its Subsidiaries, as determined by the Committee or its designee, in the Committee's or the designee's sole and absolute discretion, as applicable, until the \_\_\_\_\_ anniversary of the Award Date, Employee shall vest in one hundred percent (100%) of the Restricted Stock Units.

(e) **Retirement, Death or Disability.** If, as a result of Employee's death, Retirement, or Disability, Employee terminates service with the Company and its Subsidiaries prior to the \_\_\_\_\_ anniversary of the Award Date, Employee shall vest in and have a non-forfeitable right to one hundred percent (100%) of the Restricted Stock Units.

(f) **Change of Control.** If a Change of Control occurs prior to the \_\_\_\_\_ anniversary of the Award Date, Employee shall vest in and have a non-forfeitable right to one hundred percent (100%) of the Restricted Stock Units.

(g) **Rights.** Restricted Stock Units represent an unfunded, unsecured promise of the Company to issue shares of Common Stock of the Company as otherwise provided in this Agreement. Other than the rights provided in this Agreement, Employee shall have no rights of a stockholder of the Company until such Restricted Stock Units have vested and the related shares of Common Stock have been issued pursuant to the terms of this Agreement.

(h) **Issuance of Common Stock.** The Company will issue to Employee the shares of Common Stock underlying the vested Restricted Stock Units, no later than the later of (i) 2 1/2 months after the Restricted Stock Units vest pursuant to Section 4 above, or (ii) as soon as is administratively practicable thereafter. Evidence of the issuance of the shares of Common Stock pursuant to this Agreement may be accomplished in such manner as the Company or its authorized representatives shall deem appropriate including, without limitation, electronic registration, book-entry registration or issuance of a certificate or certificates in the name of Employee or in the name of such other party or parties as the Company and its authorized representatives shall deem appropriate.

In the event the shares of Common Stock issued pursuant to this Agreement remain subject to any additional restrictions, the Company and its authorized representatives shall ensure that Employee is prohibited from entering into any transaction, which would violate any such restrictions, until such restrictions lapse.

(i) **Associated Preferred Stock Purchase Rights.** The issuance of any shares of Common Stock as the result of Employee's vesting in Restricted Stock Units pursuant to this Agreement will include any associated preferred stock purchase rights.

5. **COMMUNITY INTEREST OF SPOUSE.** The community interest, if any, of any spouse of Employee in any of the Restricted Stock Units shall be subject to all of the terms, conditions and restrictions of this Agreement and the Plan, and shall be forfeited and surrendered to the Company upon the occurrence of any of the events requiring Employee's interest in such Restricted Stock Units to be so forfeited and surrendered pursuant to this Agreement.

6. **BINDING EFFECT.** This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under Employee.

7. **TAX MATTERS.**

(a) The vesting of any Restricted Stock Units and the related issuance of shares of Common Stock pursuant to paragraph (h) of Section 4 of this Agreement shall be subject to the satisfaction of all applicable federal, state and local income and employment tax withholding requirements (the "**Required Withholding**"). By execution of this Agreement, Employee shall be deemed to have authorized the Company to withhold from the shares of Common Stock issued as a result of Employee's vesting in the Restricted Stock Units, the shares of Common Stock necessary to satisfy Employee's Required Withholding, if any. The amount of the Required Withholding and the number of shares of Common Stock required to satisfy Employee's Required Withholding, if any, as well as the amount reflected on tax reports filed by the Company, shall be based on the closing price of the Common Stock on the day the Restricted Stock Units vest pursuant to Section 4 of this Agreement. Notwithstanding the foregoing, the Company may require that Employee satisfy Employee's Required Withholding, if any, by any other means the Company, in its sole discretion, considers reasonable. The obligations of the Company under this Agreement shall be conditioned on such satisfaction of the Required Withholding.

(b) Employee acknowledges that the tax consequences associated with the Award are complex and that the Company has urged Employee to review with Employee's own tax advisors the federal, state, and local tax consequences of this Award. Employee is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. Employee understands that Employee (and not the Company) shall be responsible for Employee's own tax liability that may arise as a result of this Agreement.

8. **EMPLOYMENT AGREEMENT CONTROLS.** Notwithstanding any language in this Agreement to the contrary, to the extent of any conflict between this Agreement and any written employment agreement with Employee, the terms of such employment agreement shall control.



**IN WITNESS WHEREOF**, the Company has caused this Agreement to be duly executed by an authorized officer and Employee has executed this Agreement, all as of the date first above written.

**HORNBECK OFFSHORE SERVICES, INC.**

By: \_\_\_\_\_

Title: \_\_\_\_\_

EMPLOYEE ACKNOWLEDGES AND AGREES THAT THE RESTRICTED STOCK UNITS SUBJECT TO THIS AWARD SHALL VEST AND THE FORFEITURE RESTRICTIONS SHALL LAPSE, IF AT ALL, ONLY DURING THE PERIOD OF EMPLOYEE'S SERVICE TO THE COMPANY OR AS OTHERWISE PROVIDED IN THIS AGREEMENT (NOT THROUGH THE ACT OF BEING GRANTED THE RESTRICTED STOCK UNITS). EMPLOYEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS AGREEMENT OR THE PLAN SHALL CONFER UPON EMPLOYEE ANY RIGHT WITH RESPECT TO FUTURE AWARDS OR CONTINUATION OF EMPLOYEE'S SERVICE TO THE COMPANY. Employee acknowledges receipt of a copy of the Plan, represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Restricted Stock Unit Award subject to all of the terms and provisions hereof and thereof, including the mandatory Dispute Resolution Procedure. Employee has reviewed this Agreement and the Plan in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement, and fully understands all provisions of this Agreement and the Plan.

DATED: \_\_\_\_\_

\_\_\_\_\_  
Print Employee Name

**EMPLOYEE**

SIGNED: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_



EXCLUSIVE DISPUTE RESOLUTION AGREEMENT  
MEDIATION AND ARBITRATION PROCEDURE

While HORNBECK-OFFSHORE OPERATORS LLC (“The Company”) hopes that employment disputes with its Employees will not occur, the Company believes that where such disputes do arise, it is in the mutual interest of all concerned to handle them promptly and with a minimum of disturbance to the operations of the Company’s business and the lives of its Employees.

Accordingly, to provide for more expeditious resolution of employment-related disputes that may arise between the Company and its Employees, the Company has instituted a mandatory Mediation and Arbitration Procedure (the “Procedure”) for all its Employees. Under the Procedure, disputes that may arise from your employment with the Company or the termination of your employment must (after appropriate attempts to resolve your dispute internally through the Company management channels) be submitted for resolution by non-binding mediation and, if needed, mandatory arbitration.

In agreeing to submit certain employment disputes for resolution by private mediation and (if necessary) arbitration, you acknowledge that such agreement is given in exchange for rights to which you are not otherwise entitled – namely, your eligibility for certain benefits, and the more expeditious resolution of such disputes. In exchange for your agreement to submit such disputes to mediation and (if necessary) binding arbitration, the Company likewise agrees to the use of mediation and arbitration as the exclusive forum for resolving employment disputes covered by this Agreement.

Hence, the parties shall be precluded from bringing or raising in court any dispute or other such forum that was or could have been brought or raised pursuant to the procedures set forth in this Agreement.

Scope of the Mediation and Arbitration Procedure

As a condition of your employment at the Company, or, where applicable, your right to receive certain voluntarily awarded compensation, such as restricted stock units, awards and/or options, you agree that any challenge to or controversy or claim arising out of or relating to your employment relationship with the Company or the termination thereof, must be submitted for non-binding mediation before a neutral third-party, and (if necessary) for final and binding resolution by a private and impartial arbitrator, to be jointly selected by you and the Company.

All possible claims or disputes are covered by this Agreement unless specifically excluded herein, including claims that are before an administrative agency, or claims as to which the employee has an alleged cause of action, including without limitation claims for breach of any contract or covenant (express or implied), tort claims, claims for discrimination (including but not limited to discrimination based on sex, pregnancy, race, national or ethnic origin, age, religion, creed, marital status, sexual orientation, mental or physical disability or medical condition, specifically including claims under The American With Disabilities Act, or any other applicable law, veteran status, or other characteristics protected by statute), claims for wrongful discharge, and/or claims for violation of any federal, state or other governmental law, statute, regulation or ordinance, and whether based on statute or common law.

Disputes covered by the Procedure include all such claims whether made against the Company, any of its subsidiary or affiliated entities, or its individual officers or directors thereof (in an official or personal capacity).

Claims not Covered: Claims covered by this Agreement do not include: (i) a claim for workers' compensation benefits under state worker's compensation laws; (ii) a claim for unemployment compensation benefits; (iii) a claim by the Company for injunctive and/or other equitable relief, including but not limited to such claims for unfair competition and/or the use or unauthorized disclosure of trade secrets or confidential information, as to which the Company may seek and obtain relief from a court of competent jurisdiction; and (iv) a claim based upon the Company's current (successor or future) employee benefits and/or welfare plans that expressly contain an appeal procedure or other procedure for the resolution of disputes under the plan.

#### Non-binding Mediation

If efforts at informal resolution fail, disputes arising under this Agreement must first be submitted for non-binding mediation before a neutral third party. The complainant may within six (6) months of the act or omission complained of (or a greater period of time, if allowed by the applicable statute of limitations), whichever is later, request that the matter be submitted to the mediation and arbitration procedure described below. Mediation is an informal process where the parties to a dispute meet in an attempt to reach a voluntary resolution, using the third party as a facilitator. Mediation shall be conducted and administered by the American Arbitration Association ("AAA") under its Employment Mediation Rules, which are incorporated herein by reference, or as otherwise agreed between the parties.

#### Binding Arbitration

If a covered dispute remains unresolved at the conclusion of the mediation process, either party may submit the dispute for resolution by final binding arbitration under the Procedure. The arbitration will be conducted under the employment Dispute Resolution Rules of the AAA, as amended and effective on June 1, 1997, as amended from time to time thereafter. These Rules, incorporated by reference herein, include (but are not limited to) the procedures for the joint selection of an impartial arbitrator and for the hearing of evidence before the arbitrator. The arbitrator shall have the authority to allow for appropriate discovery and exchange of information prior to a hearing, including (but not limited to) production of documents, information requests, depositions, and subpoenas. A copy of the complete AAA Employment Dispute Resolution Rules may be obtained from the Vice President of Human Resources or the Company's designee.

Any conflict between the rules and procedures set forth in the AAA rules and those set forth in this Agreement shall be resolved in favor of those in this Agreement. The burden of proof at an arbitration shall at all times be upon the party seeking relief. In reaching his/her

decision, the arbitrator shall apply the governing substantive law applicable to the claim(s), cause of action(s) and defense(s) asserted by the parties as applicable in the state where the claims arise or the applicable statute at issue. The arbitrator shall have the power to award all remedies that could be awarded by a court or administrative agency in accordance with the governing and applicable substantive law.

#### Time Limits and Procedures

The aggrieved party must give written notice of any claim to the other party within six months of the date the aggrieved first knew or should have known of the facts giving rise to the claim (or a greater period of time, if allowed by an applicable statute of limitations), otherwise, the claim shall be deemed waived. The written notice shall describe the nature of all claims asserted and the facts upon which such claims are based and shall be mailed to the other party by certified or registered mail, return receipt requested. Any such notice mailed to the Company shall be addressed to:

Samuel A. Giberga  
Senior Vice President & General Counsel  
HORNBECK OFFSHORE OPERATORS, LLC  
103 Northpark Blvd., Third Floor  
Covington, LA 70433

Any mediation or arbitration conducted pursuant to this Agreement shall take place in Covington, Louisiana or the location of the office to which the employee was assigned, unless the employee's most recent work location with the Company is outside Louisiana, in which case the mediation and arbitration will take place in such other location. The arbitrator shall render a decision and award within 30 days after the close of the arbitration hearing or at any later time on which the parties may agree. The award shall be in writing and signed and dated by the arbitrator and shall contain express findings of fact and the basis for the award.

The parties will pay AAA's administrative fee pursuant to AAA guidelines for employer promulgated plans. The Company shall bear the arbitrator's fees and expenses. All other costs and expenses associated with the arbitration, including without limitation, the parties' respective attorneys' fees, shall be borne by the party incurring the expense. However, if the parties arbitrate a statutory claim which allows for an award of costs and attorney's fees, the arbitrator may award such costs and fees consistent with the term of the statute and pertinent case law.

Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction. The award may be vacated or modified only on the grounds specified in the Federal Arbitration Act or other applicable law.

#### Conformity With Law

If any one or more of the provisions of this Agreement shall for any reason be held invalid or unenforceable, it is the specific intent of the parties hereto that such provision shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

No Retaliation/Employment At-Will

Under no circumstances will a Company employee be retaliated against in any way for invoking the Procedure in good faith to seek the resolution of a dispute. Company managers who engage in such retaliation will be subject to discipline under the appropriate Company disciplinary procedures.

The Company Arbitration and Mediation Policy does not in any way alter the at-will employment status of Company Employees. The Company and its Employees are always free to terminate the employment relationship at any time for any lawful reason, and employment is not for any specific or definite duration.

This Agreement sets forth the complete agreement of the parties on the subject of mediation and arbitration of the covered claims defined above, and supersedes any prior or contemporaneous oral or written understanding on these subjects. No party is relying on any representations, oral or written, on the subject, enforceability or meaning of this Agreement, except as specifically set forth herein.

By providing your signature below, you indicate your agreement to the terms set forth above. By the provision of the signature of the Company Official below, the Company hereby indicates its agreement, as well, to the terms set forth herein. Both parties understand that by agreeing to the terms herein, both are giving up any constitutional or statutory right they may possess to have covered claims decided in a court of law before a judge or a jury.

Agreed to and acknowledged:

Agreed to and acknowledged:

\_\_\_\_\_  
Todd M. Hornbeck, President

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Print Employee Name

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

**SECOND AMENDED AND RESTATED  
HORNBECK OFFSHORE SERVICES, INC.  
INCENTIVE COMPENSATION PLAN**

**DIRECTOR RESTRICTED STOCK UNIT AGREEMENT  
(Time Vesting)**

**THIS RESTRICTED STOCK UNIT AGREEMENT** (this "**Agreement**") is made effective as of \_\_\_\_\_ (the "**Award Date**") by and between Hornbeck Offshore Services, Inc. (the "**Company**") and \_\_\_\_\_ ("**Director**").

1. **GRANT OF RESTRICTED STOCK UNITS.** Pursuant to the Second Amended and Restated Hornbeck Offshore Services, Inc. Incentive Compensation Plan (the "**Plan**") Director is hereby awarded Restricted Stock Units covering \_\_\_\_\_ shares of the Common Stock of the Company. On any day, the value of a Restricted Stock Unit shall equal the Fair Market Value of one share of Common Stock of the Company. All of the Restricted Stock Units shall be subject to the Forfeiture Restrictions as set forth in Section 4 of this Agreement.

2. **EFFECT OF THE PLAN.** The Restricted Stock Units awarded to Director are subject to all of the terms and conditions of the Plan, which terms and conditions are incorporated herein for all purposes, and of this Agreement together with all rules and determinations from time to time issued by the Committee and by the Board pursuant to the Plan. The Company hereby reserves the right to amend, modify, restate, supplement or terminate the Plan without the consent of Director, so long as such amendment, modification, restatement or supplement shall not materially reduce the rights and benefits available to Director hereunder, and this Award shall be subject, without further action by the Company or Director, to such amendment, modification, restatement or supplement unless provided otherwise therein. Capitalized terms used but not defined in this Agreement shall have the meanings ascribed to such terms in the Plan.

3. **DEFINITIONS.**

(a) "**Disability**" means permanent and total disability within the meaning of section 22(e)(3) of the Internal Revenue Code of 1986, as amended.

(b) "**Forfeiture Restrictions**" means the prohibition on transfer of the Restricted Stock Units and the obligations to forfeit the Restricted Stock Units to the Company as set forth in Section 4 of this Agreement.

(c) "**Restricted Stock Unit**" means an Award representing an unfunded, unsecured right to receive one share of the Common Stock of the Company.

(d) "**Retirement**" means Director's separation from service as a Director with all the Company or any of its Subsidiaries on or after five (5) years of service.

4. **RESTRICTIONS AND VESTING.** Director hereby accepts the Award of the Restricted Stock Units and agrees with respect thereto as follows:

(a) **Transferability.** The Restricted Stock Units may be transferred in a manner consistent with Section 15.13 of the Plan. Except as provided in Section 15.13 of the Plan and elsewhere in this Agreement and the Plan, the Restricted Stock Units shall not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred except by will or the laws of descent and distribution. Any attempted assignment of a Restricted Stock Unit in violation of this Agreement shall be null and void. The Company shall not be required to honor the transfer of any Restricted Stock Units that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or the Plan.

(b) **Mandatory Mediation and Arbitration Procedure.** By execution of this Agreement and acceptance of this Award, which is a voluntary benefit provided to Director by the Company, Director waives Director's right to a jury trial in state or federal court and agrees that (i) Section 15.17 of the Plan shall be the sole and exclusive means of resolving disputes of the parties (including any other persons claiming any rights or having any obligations through the Company or Director) arising out of or relating to this Agreement, and (ii) the dispute resolution procedures of Section 15.17 shall be the sole and exclusive means for resolving any other covered dispute between Director and the Company or any of its Subsidiaries (including any other person(s) claiming any rights or having any obligations through the Company or Director). By execution of this Agreement, however, Director does not waive Director's right to any normally available remedies Director may have in connection with any claim Director may bring against the Company or any of its Subsidiaries, as an arbitrator can award any normal remedies Director could get in a court proceeding. By execution of this Agreement Director represents that to the extent Director considered necessary, Director has sought, at Director's own expense, counsel regarding the terms of this Agreement and the waiver contemplated in this Section 4(b).

(c) **Forfeiture of Restricted Stock Units.** If Director terminates service with the Company and its Subsidiaries prior to the \_\_\_\_\_ anniversary of the Award Date for any reason other than the Director's death, Disability, or Retirement, as herein defined, or if Director (or Director's estate) shall initiate a legal proceeding against the Company other than as provided in paragraph (b) of this Section 4, then Director (or Director's estate, as applicable) shall, for no consideration, forfeit all Restricted Stock Units; provided, however, that the Committee or its designee may, in the Committee's or the designee's sole and absolute discretion, as applicable, provide for the acceleration of the vesting of the Restricted Stock Units, eliminate or make less restrictive any restrictions contained in this Agreement, waive any restriction or other provision of the Plan or this Agreement or otherwise amend or modify this Agreement in any manner that is either (i) not adverse to Director, or (ii) consented to by Director.

(d) **Vesting of Restricted Stock Units.** If Director provides continuous, eligible service to the Company and its Subsidiaries, as determined by the Committee or its designee, in the Committee's or the designee's sole and absolute discretion, as applicable, until the \_\_\_\_\_ anniversary of the Award Date, Director shall vest in one hundred percent (100%) of the Restricted Stock Units.

(e) **Retirement, Death or Disability.** If, as a result of Director's death, Retirement, or Disability, Director terminates service with the Company and its Subsidiaries prior to the \_\_\_\_\_ anniversary of the Award Date, Director shall vest in and have a non-forfeitable right to one hundred percent (100%) of the Restricted Stock Units.

(f) **Change of Control.** If a Change of Control occurs prior to the \_\_\_\_\_ anniversary of the Award Date, Director shall vest in and have a non-forfeitable right to one hundred percent (100%) of the Restricted Stock Units.

(g) **Rights.** Restricted Stock Units represent an unfunded, unsecured promise of the Company to issue shares of Common Stock of the Company as otherwise provided in this Agreement. Other than the rights provided in this Agreement, Director shall have no rights of a stockholder of the Company until such Restricted Stock Units have vested and the related shares of Common Stock have been issued pursuant to the terms of this Agreement.

(h) **Issuance of Common Stock.** The Company will issue to Director the shares of Common Stock underlying the vested Restricted Stock Units, no later than the later of (i) 2 1/2 months after the Restricted Stock Units vest pursuant to Section 4 above, or (ii) as soon as is administratively practicable thereafter; provided, however, that in the event Director has timely deferred receipt of such shares in accordance with the terms of the Hornbeck Offshore Services, Inc. Deferred Compensation Plan, then issuance of the shares shall be at the time and pursuant to the method of delivery so elected. Evidence of the issuance of the shares of Common Stock pursuant to this Agreement may be accomplished in such manner as the Company or its authorized representatives shall deem appropriate including, without limitation, electronic registration, book-entry registration or issuance of a certificate or certificates in the name of Director or in the name of such other party or parties as the Company and its authorized representatives shall deem appropriate.

In the event the shares of Common Stock issued pursuant to this Agreement remain subject to any additional restrictions, the Company and its authorized representatives shall ensure that Director is prohibited from entering into any transaction, which would violate any such restrictions, until such restrictions lapse.

(i) **Associated Preferred Stock Purchase Rights.** The issuance of any shares of Common Stock as the result of Director's vesting in Restricted Stock Units pursuant to this Agreement will include any associated preferred stock purchase rights.

5. **COMMUNITY INTEREST OF SPOUSE.** The community interest, if any, of any spouse of Director in any of the Restricted Stock Units shall be subject to all of the terms, conditions and restrictions of this Agreement and the Plan, and shall be forfeited and surrendered to the Company upon the occurrence of any of the events requiring Director's interest in such Restricted Stock Units to be so forfeited and surrendered pursuant to this Agreement.

6. **BINDING EFFECT.** This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under Director.

## 7. **TAX MATTERS.**

(a) The vesting of any Restricted Stock Units and the related issuance of shares of Common Stock pursuant to paragraph (h) of Section 4 of this Agreement shall be subject to the satisfaction of all applicable federal, state and local income and employment tax withholding requirements (the "**Required Withholding**"). By execution of this Agreement, Director shall be deemed to have authorized the Company to withhold from the shares of Common Stock issued as a result of Director's vesting in the Restricted Stock Units, the shares of Common Stock necessary to satisfy Director's Required Withholding, if any. The amount of the Required Withholding and the number of shares of Common Stock required to satisfy Director's Required Withholding, if any, as well as the amount reflected on tax reports filed by the Company, shall be based on the closing price of the Common Stock on the day the Restricted Stock Units vest pursuant to Section 4 of this Agreement. Notwithstanding the foregoing, the Company may require that Director satisfy Director's Required Withholding, if any, by any other means the Company, in its sole discretion, considers reasonable. The obligations of the Company under this Agreement shall be conditioned on such satisfaction of the Required Withholding.

(b) Director acknowledges that the tax consequences associated with the Award are complex and that the Company has urged Director to review with Director's own tax advisors the federal, state, and local tax consequences of this Award. Director is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. Director understands that Director (and not the Company) shall be responsible for Director's own tax liability that may arise as a result of this Agreement.

— Signatures to Follow —



**IN WITNESS WHEREOF**, the Company has caused this Agreement to be duly executed by an authorized officer and Director has executed this Agreement, all as of the date first above written.

**HORNBECK OFFSHORE SERVICES, INC.**

By: \_\_\_\_\_  
Title: \_\_\_\_\_

DIRECTOR ACKNOWLEDGES AND AGREES THAT THE RESTRICTED STOCK UNITS SUBJECT TO THIS AWARD SHALL VEST AND THE FORFEITURE RESTRICTIONS SHALL LAPSE, IF AT ALL, ONLY DURING THE PERIOD OF DIRECTOR'S SERVICE TO THE COMPANY OR AS OTHERWISE PROVIDED IN THIS AGREEMENT (NOT THROUGH THE ACT OF BEING GRANTED THE RESTRICTED STOCK UNITS). DIRECTOR FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS AGREEMENT OR THE PLAN SHALL CONFER UPON DIRECTOR ANY RIGHT WITH RESPECT TO FUTURE AWARDS OR CONTINUATION OF DIRECTOR'S SERVICE TO THE COMPANY. Director acknowledges receipt of a copy of the Plan, represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Restricted Stock Unit Award subject to all of the terms and provisions hereof and thereof, including the mandatory dispute resolution procedures. Director has reviewed this Agreement and the Plan in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement, and fully understands all provisions of this Agreement and the Plan.

**DIRECTOR**

DATED: \_\_\_\_\_

SIGNED: \_\_\_\_\_

\_\_\_\_\_  
Print Name

Address: \_\_\_\_\_

\_\_\_\_\_

**SECOND AMENDED AND RESTATED  
HORNBECK OFFSHORE SERVICES, INC.  
INCENTIVE COMPENSATION PLAN**

**RESTRICTED STOCK UNIT AGREEMENT  
FOR EXECUTIVE OFFICERS**

**(Performance Vesting)**

**THIS RESTRICTED STOCK UNIT AGREEMENT** (this "**Agreement**") is made effective as of \_\_\_\_\_ (the "**Award Date**") by and between Hornbeck Offshore Services, Inc. (the "**Company**") and \_\_\_\_\_ ("**Employee**").

1. **GRANT OF RESTRICTED STOCK UNITS.** Pursuant to the Second Amended and Restated Hornbeck Offshore Services, Inc. Incentive Compensation Plan, (the "**Plan**") Employee is hereby awarded (i) \_\_\_\_\_ Restricted Stock Units (the "**Base RS Units**") of Common Stock and (ii) \_\_\_\_\_ Restricted Stock Units (the "**Bonus RS Units**") covering, in the aggregate, \_\_\_\_\_ shares of the Common Stock of the Company. On any day, the value of a Restricted Stock Unit shall equal the Fair Market Value of one share of Common Stock of the Company. All of the Restricted Stock Units shall be subject to the Forfeiture Restrictions as set forth in Section 4 of this Agreement.

2. **EFFECT OF THE PLAN.** The Restricted Stock Units awarded to Employee are subject to all of the terms and conditions of the Plan, which terms and conditions are incorporated herein for all purposes, and of this Agreement together with all rules and determinations from time to time issued by the Committee and by the Board pursuant to the Plan. The Company hereby reserves the right to amend, modify, restate, supplement or terminate the Plan without the consent of Employee, so long as such amendment, modification, restatement or supplement shall not materially reduce the rights and benefits available to Employee hereunder, and this Award shall be subject, without further action by the Company or Employee, to such amendment, modification, restatement or supplement unless provided otherwise therein. Capitalized terms used but not defined in this Agreement shall have the meanings ascribed to such terms in the Plan.

3. **DEFINITIONS.**

(a) "**Disability**" means permanent and total disability within the meaning of Section 22(e)(3) of the Internal Revenue Code of 1986, as amended (the "**Code**").

(b) "**Forfeiture Restrictions**" means the prohibition on transfer of the Restricted Stock Units and the obligations to forfeit the Restricted Stock Units to the Company as set forth in Section 4 of this Agreement.

(c) "**Measurement Period**" means the period beginning on the Award Date and ending on the \_\_\_\_\_ anniversary of the Award Date.

(d) "**Retirement**" means Employee's retirement from employment with the Company or any of its Subsidiaries, other than termination for Cause, on or after the date Employee attains age 60 provided Employee has ten (10) years of service as of the date Employee retires from service, or on or after Employee attains age 65.

(e) "**Restricted Stock Unit**" means an Award representing an unfunded, unsecured right to receive one share of the Common Stock of the Company.

**[Insert definitions as necessary to describe the performance goal and specific performance measure which will be used as a basis for determining whether any Restricted Stock Units will vest]**

4. **RESTRICTIONS AND VESTING.** Employee hereby accepts the Award of the Restricted Stock Units and agrees with respect thereto as follows:

(a) **Transferability.** The Restricted Stock Units may be transferred in a manner consistent with Section 15.13 of the Plan. Except as provided in Section 15.13 of the Plan and elsewhere in this Agreement and the Plan, the Restricted Stock Units shall not be sold, assigned, pledged, exchanged, hypothecated or otherwise transferred except by will or the laws of descent and distribution. Any attempted assignment of a Restricted Stock Unit in violation of this Agreement shall be null and void. The Company shall not be required to honor the transfer of any Restricted Stock Units that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or the Plan.

(b) **Mandatory Mediation and Arbitration Procedure.** By execution of this Agreement and acceptance of this Award, which is a voluntary benefit provided to Employee by the Company, Employee waives Employee's right to a jury trial in state or federal court and agrees that (i) the Hornbeck Offshore Operators, LLC Dispute Resolution Agreement Mediation and Arbitration Procedure attached hereto as Exhibit A ("**Dispute Resolution Procedure**") and Section 15.17 of the Plan shall be the sole and exclusive means of resolving disputes of the parties (including any other persons claiming any rights or having any obligations through the Company or Employee) arising out of or relating to this Agreement, and (ii) the Dispute Resolution Procedure shall be the sole and exclusive means for resolving any other covered dispute between Employee and the Company or any of its Subsidiaries (including any other person(s) claiming any rights or having any obligations through the Company or Employee). By execution of this Agreement, however, Employee does not waive Employee's right to any normally available remedies Employee may have in connection with any claim Employee may bring against the Company or any of its Subsidiaries, as an arbitrator can award any normal remedies Employee could get in a court proceeding. By execution of this Agreement Employee represents that to the extent Employee considered necessary, Employee has sought, at Employee's own expense, counsel regarding the terms of this Agreement and the waiver contemplated in this Section 4(b).

(c) **Retirement.** If Employee terminates service with the Company and its Subsidiaries before the end of the Measurement Period as a result of Employee's Retirement, then, at the end of the Measurement Period, the Forfeiture Restrictions shall lapse with respect to that percentage of the Base RS Units and that percentage of the Bonus RS Units corresponding to

the **[Insert Performance Measure]** as provided in paragraph (f) of this Section 4, determined as of the end of the Measurement Period, that the Employee would have been entitled to receive had Employee remained employed with the Company and its Subsidiaries until the end of the Measurement Period.

(d) **Forfeiture of Restricted Stock Units.** If Employee terminates service with the Company or its Subsidiaries prior to the \_\_\_\_\_ anniversary of the Award Date for any reason other than the Employee's death, Disability or Retirement, as herein defined, or if Employee (or Employee's estate) shall initiate a legal proceeding against the Company other than pursuant to the terms of the Dispute Resolution Procedure, then Employee (or Employee's estate, as applicable) shall, for no consideration, forfeit all Restricted Stock Units.

Further, if prior to the \_\_\_\_\_ anniversary of the Award Date based upon reasonable investigation and belief, the Committee or its designee, as applicable, determines that Employee should be subject to disciplinary action other than termination of Employee's service with the Company or any of its Subsidiaries, such disciplinary action can include Employee's forfeiture of all or any portion of Employee's Restricted Stock Units awarded under this Agreement, such determination to be made by the Committee or its designee, in the Committee's or the designee's sole and absolute discretion, as applicable. For purposes of this paragraph such action can be taken by the Committee or its designee, as applicable, because of (i) any act or omission of Employee that (A) results in the assessment of a criminal penalty against the Company, (B) is otherwise in violation of any federal, state, local or foreign law or regulation (other than traffic violations and other similar misdemeanors), (C) adversely affects or could reasonably be expected to adversely affect the business reputation of the Company, or (D) otherwise constitutes willful misconduct, gross negligence, or any act of dishonesty or disloyalty, (ii) the violation by Employee of policies established by the Company, or (iii) the Company's determination that Employee's performance or conduct was unacceptable.

(e) **Death or Disability.** In the event of the Employee's death or Disability during the Measurement Period then (i) the Company shall determine the **[Insert Performance Measure]** on the business day immediately prior to such death or Disability as if such day of determination was the end of the Measurement Period and, if not previously forfeited, the Forfeiture Restrictions shall lapse with respect to the greater of (x) the Base RS Units or (y) that percentage of the Base RS Units and that percentage of the Bonus RS Units corresponding to the **[Insert Performance Measure]**, as set forth in the table in paragraph (f) of this Section 4, and (ii) Employee shall, for no consideration, forfeit to the Company upon such death or Disability all of the Restricted Stock Units that remain subject to Forfeiture Restrictions at such time.

(f) **[Insert Performance Measure].** If Employee provides continuous, eligible service to the company and its subsidiaries, as determined by the Committee or its designee, in the Committee's or the designee's sole and absolute discretion, as applicable, until the \_\_\_\_\_ anniversary of the effective date of this Agreement, Employee shall vest in the Restricted Stock Units in accordance with this Section 4 and the Forfeiture Restrictions shall lapse with respect to that percentage of the Base RS Units and that percentage of the Bonus RS Units corresponding to the **[Insert Performance Measure]**, as set forth in the table below, rounded down to the next whole share in each such case.

<i>[INSERT DESCRIPTION OF PERFORMANCE MEASURE]</i>	PERCENTAGE OF BASE RS UNITS WHICH VEST	PERCENTAGE OF BONUS RS UNITS WHICH VEST
<i>[Insert range/percentage of Performance Measure Attained]</i>	<i>[Insert Percentage]</i>	<i>[Insert Percentage]</i>
<i>[Insert range/percentage of Performance Measure Attained]</i>	<i>[Insert Percentage]</i>	<i>[Insert Percentage]</i>
<i>[Insert range/percentage of Performance Measure Attained]</i>	<i>[Insert Percentage]</i>	<i>[Insert Percentage]</i>
<i>[Insert range/percentage of Performance Measure Attained]</i>	<i>[Insert Percentage]</i>	<i>[Insert Percentage]</i>
<i>[Insert range/percentage of Performance Measure Attained]</i>	<i>[Insert Percentage]</i>	<i>[Insert Percentage]</i>

The percentage of the Base RS Units and the percentage of the Bonus RS Units for ***[Insert Performance Measure ranking or range and explain how the determination of the Base RS Units and Bonus RS Units which vest on the attainment of a performance measure in between the range/percentage noted in the table]*** shall be determined by the Committee using a curve which is a straight line between the ranges/percentages in the table so that the percentage of the Base RS Units and the percentage of the Bonus RS Units as to which the Forfeiture Restrictions shall lapse is interpolated to the actual ***[Insert Performance Measure]*** ranking achieved.

(g) **Change of Control.** If a Change of Control occurs during the Measurement Period then (i) the Company shall determine the ***[Insert Performance Measure]*** on the business day immediately prior to such Change of Control as if such day of determination was the end of the Measurement Period and, if not previously forfeited, the Forfeiture Restrictions shall lapse with respect to the greater of (x) the Base RS Units or (y) that percentage of the Base RS Units and that percentage of the Bonus RS Units corresponding to the ***[Insert Performance Measure]***, as set forth in the table in paragraph (f) of this Section 4, above, and (ii) Employee shall, for no consideration, forfeit to the Company upon such Change of Control all of the Restricted Stock Units that remain subject to Forfeiture Restrictions at such time.

(h) **Rights.** RS Units represent an unfunded, unsecured promise of the Company to issue shares of Common Stock of the Company as otherwise provided in this Agreement. Other than the rights provided in this Agreement, Employee shall have no rights of a stockholder of the Company until such RS Units have vested and the related shares of Common Stock have been issued pursuant to the terms of this Agreement.

(i) **Issuance of Common Stock.** The Company will issue to Employee the shares of Common Stock underlying the vested RS Units, no later than the later of (i) 2 1/2 months after the RS Units vest pursuant to this Section 4, or (ii) as soon as is administratively practicable thereafter. Evidence of the issuance of the shares of Common Stock pursuant to this Agreement may be accomplished in such manner as the Company or its authorized representatives shall deem appropriate including, without limitation, electronic registration, book-entry registration or issuance of a certificate or certificates in the name of Employee or in the name of such other party or parties as the Company and its authorized representatives shall deem appropriate.

In the event the shares of Common Stock issued pursuant to this Agreement remain subject to any additional restrictions, the Company and its authorized representatives shall ensure that Employee is prohibited from entering into any transaction, which would violate any such restrictions, until such restrictions lapse.

(j) **Associated Preferred Stock Purchase Rights.** The issuance of any shares of Common Stock as the result of Employee's vesting in RS Units pursuant to this Agreement will include any associated preferred stock purchase rights.

5. **COMMUNITY INTEREST OF SPOUSE.** The community interest, if any, of any spouse of Employee in any of the Restricted Stock Units shall be subject to all of the terms, conditions and restrictions of this Agreement and the Plan, and shall be forfeited and surrendered to the Company upon the occurrence of any of the events requiring Employee's interest in such Restricted Stock Units to be so forfeited and surrendered pursuant to this Agreement.

6. **BINDING EFFECT.** This Agreement shall be binding upon and inure to the benefit of any successors to the Company and all persons lawfully claiming under Employee.

#### 7. **TAX MATTERS.**

(a) The lapsing of the Forfeiture Restrictions with respect to the Restricted Stock Units pursuant to Section 4 of this Agreement shall be subject to the satisfaction of all applicable federal, state and local income and employment tax withholding requirements (the "**Required Withholding**"). By execution of this Agreement Employee shall be deemed to have authorized the Company, after taking into consideration any dividends, cash or stock, credited to an account for the benefit of Employee during the Measurement Period, as contemplated in paragraph (h) of Section 4, to withhold the Restricted Stock Units with respect to which the Forfeiture Restrictions have lapsed necessary to satisfy Employee's Required Withholding. The amount of the Required Withholding and the number of Restricted Stock Units required to satisfy Employee's Required Withholding, as well as the amount reflected on tax reports filed by the Company, shall be based on the closing price of the Common Stock on the day the Forfeiture Restrictions lapse pursuant to Section 4 of this Agreement. Notwithstanding the foregoing, the Company may require that Employee satisfy Employee's Required Withholding by any other means the Company, in its sole discretion, considers reasonable. The obligations of the Company under this Agreement shall be conditioned on such satisfaction of the Required Withholding.

(b) Employee acknowledges that the tax consequences associated with the Award are complex and that the Company has urged Employee to review with Employee's own tax advisors the federal, state, and local tax consequences of this Award. Employee is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. Employee understands that Employee (and not the Company) shall be responsible for Employee's own tax liability that may arise as a result of this Agreement. Employee understands further that Section 83 of the Code, taxes as ordinary income the fair market value of the Restricted Stock Units with respect to which the Forfeiture Restrictions lapse as of last day of the Measurement Period.

8. **EMPLOYMENT AGREEMENT CONTROLS.** Notwithstanding any language in this Agreement to the contrary, to the extent of any conflict between this Agreement and any written employment agreement or change in control agreement with Employee, the terms of such agreement shall control.

— Signatures to Follow —

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be duly executed by an authorized officer and Employee has executed this Agreement, all as of the date first above written.

**HORNBECK OFFSHORE SERVICES, INC.**

By: \_\_\_\_\_

Title: \_\_\_\_\_

EMPLOYEE ACKNOWLEDGES AND AGREES THAT THE RESTRICTED STOCK UNITS SUBJECT TO THIS AGREEMENT SHALL REMAIN SUBJECT TO THE FORFEITURE RESTRICTIONS PROVIDED HEREIN AND THE FORFEITURE RESTRICTIONS SHALL LAPSE, IF AT ALL, ONLY DURING THE PERIOD OF EMPLOYEE'S EMPLOYMENT OR AS OTHERWISE PROVIDED IN THIS AGREEMENT (NOT THROUGH THE ACT OF BEING GRANTED THE RESTRICTED STOCK UNIT AWARD). EMPLOYEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS AGREEMENT OR THE PLAN SHALL CONFER UPON EMPLOYEE ANY RIGHT WITH RESPECT TO FUTURE AWARDS OR CONTINUATION OF EMPLOYEE'S EMPLOYMENT. Employee acknowledges receipt of a copy of the Plan, represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Award of the Restricted Stock Units subject to all of the terms and provisions of this Agreement and the Plan. Employee has reviewed this Agreement and the Plan in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement, and fully understands all provisions of this Agreement and the Plan.

**EMPLOYEE**

DATED: \_\_\_\_\_

SIGNED: \_\_\_\_\_

\_\_\_\_\_  
Print Employee Name

Address: \_\_\_\_\_

\_\_\_\_\_



EXCLUSIVE DISPUTE RESOLUTION AGREEMENT  
MEDIATION AND ARBITRATION PROCEDURE

While HORNBECK-OFFSHORE OPERATORS LLC (“The Company”) hopes that employment disputes with its Employees will not occur, the Company believes that where such disputes do arise, it is in the mutual interest of all concerned to handle them promptly and with a minimum of disturbance to the operations of the Company’s business and the lives of its Employees.

Accordingly, to provide for more expeditious resolution of employment-related disputes that may arise between the Company and its Employees, the Company has instituted a mandatory Mediation and Arbitration Procedure (the “Procedure”) for all its Employees. Under the Procedure, disputes that may arise from your employment with the Company or the termination of your employment must (after appropriate attempts to resolve your dispute internally through the Company management channels) be submitted for resolution by non-binding mediation and, if needed, mandatory arbitration.

In agreeing to submit certain employment disputes for resolution by private mediation and (if necessary) arbitration, you acknowledge that such agreement is given in exchange for rights to which you are not otherwise entitled – namely, your eligibility for certain benefits, and the more expeditious resolution of such disputes. In exchange for your agreement to submit such disputes to mediation and (if necessary) binding arbitration, the Company likewise agrees to the use of mediation and arbitration as the exclusive forum for resolving employment disputes covered by this Agreement.

Hence, the parties shall be precluded from bringing or raising in court any dispute or other such forum that was or could have been brought or raised pursuant to the procedures set forth in this Agreement.

Scope of the Mediation and Arbitration Procedure

As a condition of your employment at the Company or, where applicable, your right to receive certain voluntarily awarded compensation, such as restricted stock units, awards and/or options, you agree that any challenge to or controversy or claim arising out of or relating to your employment relationship with the Company or the termination thereof, must be submitted for non-binding mediation before a neutral third-party, and (if necessary) for final and binding resolution by a private and impartial arbitrator, to be jointly selected by you and the Company.

All possible claims or disputes are covered by this Agreement unless specifically excluded herein, including claims that are before an administrative agency, or claims as to which the employee has an alleged cause of action, including without limitation claims for breach of any contract or covenant (express or implied), tort claims, claims for discrimination (including but not limited to discrimination based on sex, pregnancy, race, national or ethnic origin, age, religion, creed, marital status, sexual orientation, mental or physical disability or medical condition, specifically including claims under The American With Disabilities Act, or any other applicable law, veteran status, or other characteristics protected by statute), claims for wrongful discharge, and/or claims for violation of any federal, state or other governmental law, statute, regulation or ordinance, and whether based on statute or common law.

Disputes covered by the Procedure include all such claims whether made against the Company, any of its subsidiary or affiliated entities, or its individual officers or directors thereof (in an official or personal capacity).

Claims not Covered: Claims covered by this Agreement do not include: (i) a claim for workers' compensation benefits under state worker's compensation laws; (ii) a claim for unemployment compensation benefits; (iii) a claim by the Company for injunctive and/or other equitable relief, including but not limited to such claims for unfair competition and/or the use or unauthorized disclosure of trade secrets or confidential information, as to which the Company may seek and obtain relief from a court of competent jurisdiction; and (iv) a claim based upon the Company's current (successor or future) employee benefits and/or welfare plans that expressly contain an appeal procedure or other procedure for the resolution of disputes under the plan.

#### Non-binding Mediation

If efforts at informal resolution fail, disputes arising under this Agreement must first be submitted for non-binding mediation before a neutral third party. The complainant may within six (6) months of the act or omission complained of (or a greater period of time, if allowed by the applicable statute of limitations), whichever is later, request that the matter be submitted to the mediation and arbitration procedure described below. Mediation is an informal process where the parties to a dispute meet in an attempt to reach a voluntary resolution, using the third party as a facilitator. Mediation shall be conducted and administered by the American Arbitration Association ("AAA") under its Employment Mediation Rules, which are incorporated herein by reference, or as otherwise agreed between the parties.

#### Binding Arbitration

If a covered dispute remains unresolved at the conclusion of the mediation process, either party may submit the dispute for resolution by final binding arbitration under the Procedure. The arbitration will be conducted under the employment Dispute Resolution Rules of the AAA, as amended and effective on June 1, 1997, as amended from time to time thereafter. These Rules, incorporated by reference herein, include (but are not limited to) the procedures for the joint selection of an impartial arbitrator and for the hearing of evidence before the arbitrator. The arbitrator shall have the authority to allow for appropriate discovery and exchange of information prior to a hearing, including (but not limited to) production of documents, information requests, depositions, and subpoenas. A copy of the complete AAA Employment Dispute Resolution Rules may be obtained from the Vice President of Human Resources or the Company's designee.

Any conflict between the rules and procedures set forth in the AAA rules and those set forth in this Agreement shall be resolved in favor of those in this Agreement. The burden of proof at an arbitration shall at all times be upon the party seeking relief. In reaching his/her

decision, the arbitrator shall apply the governing substantive law applicable to the claim(s), cause of action(s) and defense(s) asserted by the parties as applicable in the state where the claims arise or the applicable statute at issue. The arbitrator shall have the power to award all remedies that could be awarded by a court or administrative agency in accordance with the governing and applicable substantive law.

#### Time Limits and Procedures

The aggrieved party must give written notice of any claim to the other party within six months of the date the aggrieved first knew or should have known of the facts giving rise to the claim (or a greater period of time, if allowed by an applicable statute of limitations), otherwise, the claim shall be deemed waived. The written notice shall describe the nature of all claims asserted and the facts upon which such claims are based and shall be mailed to the other party by certified or registered mail, return receipt requested. Any such notice mailed to the Company shall be addressed to:

Samuel A. Giberga  
Senior Vice President & General Counsel  
HORNBECK OFFSHORE OPERATORS, LLC  
103 Northpark Blvd., Third Floor  
Covington, LA 70433

Any mediation or arbitration conducted pursuant to this Agreement shall take place in Covington, Louisiana or the location of the office to which the employee was assigned, unless the employee's most recent work location with the Company is outside Louisiana, in which case the mediation and arbitration will take place in such other location. The arbitrator shall render a decision and award within 30 days after the close of the arbitration hearing or at any later time on which the parties may agree. The award shall be in writing and signed and dated by the arbitrator and shall contain express findings of fact and the basis for the award.

The parties will pay AAA's administrative fee pursuant to AAA guidelines for employer promulgated plans. The Company shall bear the arbitrator's fees and expenses. All other costs and expenses associated with the arbitration, including without limitation, the parties' respective attorneys' fees, shall be borne by the party incurring the expense. However, if the parties arbitrate a statutory claim which allows for an award of costs and attorney's fees, the arbitrator may award such costs and fees consistent with the term of the statute and pertinent case law.

Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction. The award may be vacated or modified only on the grounds specified in the Federal Arbitration Act or other applicable law.

#### Conformity With Law

If any one or more of the provisions of this Agreement shall for any reason be held invalid or unenforceable, it is the specific intent of the parties hereto that such provision shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

No Retaliation/Employment At-Will

Under no circumstances will a Company employee be retaliated against in any way for invoking the Procedure in good faith to seek the resolution of a dispute. Company managers who engage in such retaliation will be subject to discipline under the appropriate Company disciplinary procedures.

The Company Arbitration and Mediation Policy does not in any way alter the at-will employment status of Company Employees. The Company and its Employees are always free to terminate the employment relationship at any time for any lawful reason, and employment is not for any specific or definite duration.

This Agreement sets forth the complete agreement of the parties on the subject of mediation and arbitration of the covered claims defined above, and supersedes any prior or contemporaneous oral or written understanding on these subjects. No party is relying on any representations, oral or written, on the subject, enforceability or meaning of this Agreement, except as specifically set forth herein.

By providing your signature below, you indicate your agreement to the terms set forth above. By the provision of the signature of the Company Official below, the Company hereby indicates its agreement, as well, to the terms set forth herein. Both parties understand that by agreeing to the terms herein, both are giving up any constitutional or statutory right they may possess to have covered claims decided in a court of law before a judge or a jury.

Agreed to and acknowledged:

Agreed to and acknowledged:

\_\_\_\_\_  
Todd M. Hornbeck, President

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Print Employee Name

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_



**DIRECTOR & ADVISORY DIRECTOR  
COMPENSATION POLICY  
Approved as of May 12, 2008**

**Effective Date**

The effective date of the revised plan shall be January 1, 2008.

**Cash Compensation Plan**

Each Non-employee Director will receive a total annual retainer of \$32,500 paid quarterly on the first day of each calendar quarter. The Chairman of the Board and the Chairman of each of the Audit and Compensation Committees will each receive an additional total annual retainer of \$8,000 paid quarterly on the first day of each calendar quarter. Each Non-employee Director of the Company will receive \$1,500 for each Board and Committee meeting if attended in person and \$1,500 if attended by telephonic communications. Board and Committee members must attend meetings in person or by telephonic communications to receive the applicable compensation.

**Stock Option and Restricted Stock Program**

Non-employee Directors will receive a minimum annual grant of 4,000 options or 2,500 shares as restricted stock or restricted stock units or some combination of the same, which amount may be reviewed annually and increased at the discretion of the Compensation Committee.

**Health Benefit Program**

After 3 years of service as a Non-employee Director, such Non-employee Director and his immediate family may also elect to participate in the same insurance benefit programs on the same monetary terms as the executive officers.

**Longevity Plan**

The Company will provide a Longevity Plan for the benefit of Non-employee Directors as follows: Upon completion of three years of service as a Non-employee Director, the Non-

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103 Northpark Boulevard, Suite 300  
Covington, Louisiana 70433

Phone: (985) 727-2000  
Fax: (985) 727-2006

employee Director will be granted (the "Three-Year Grant") (i) an option to purchase the number of shares of common stock equaling 25% of the shares covered by options granted to such Director over the previous three years and (ii) shares as restricted stock or restricted stock units equal to 25% of the shares as restricted stock or restricted stock units granted to such Director over the previous three years. Upon completion of five years of service as a Non-employee Director, the Non-employee Director will be granted (the "Five-Year Grant") (i) an option to purchase the number of shares of common stock equaling 50% of the shares covered by options granted to such Director over the previous five-years less the number of shares covered by options awarded in the Three-Year Grant, if any, and (ii) shares as restricted stock or restricted stock units equal to 50% of the shares as restricted stock or restricted stock units granted to such Director over the previous five years less the number of shares as restricted stock or restricted stock units awarded in the Three-Year Grant, if any. Thereafter, upon completion of each successive period of five years of service, a Non-employee Director will be granted (a "Successive Longevity Grant") (i) an option to purchase the number of shares of common stock equaling 50% of the shares covered by options granted to such Director over the previous five-years (exclusive of any prior Longevity Grants of options during such five years) and (ii) shares as restricted stock or restricted stock units equal to 50% of the shares as restricted stock or restricted stock units granted to such Director over the previous five years (exclusive of any prior Longevity Grants of restricted stock or restricted stock units during such five years). The exercise price of the options granted under the Longevity Plan will be the fair market value per share of the common stock on the date of grant. The longevity options and restricted stock or restricted stock unit awards will vest in two tranches, 50% on the date of grant and 50% on the first anniversary of the date of grant. A Three-Year Grant, a Five Year Grant or a Successive Longevity Grant are also referred to herein individually as a "Longevity Grant" or collectively as "Longevity Grants." For purposes of the calculations contemplated by this paragraph, sign-on awards of options, restricted stock or restricted stock units shall not be counted and awards matched to purchases shall not be counted. Non-employee Directors on the original approval date of the Longevity Plan, July 18, 2002, will complete a year of service on July 17 in each succeeding year that they continue serving as a Non-employee Director. Non-employee Directors joining the Board after July 18, 2002, will complete a year of service on the date immediately preceding the anniversary date of the earlier of the date they are appointed as a Director by the Board or elected to the Board by the stockholders in each succeeding year that they continue serving as a Non-employee Director.

#### **Stock Option Grants, Restricted Stock Awards and Restricted Stock Unit Awards**

All options granted and restricted stock and restricted stock units awarded to Non-employee Directors under this policy will be granted under and issued from the Company's Incentive Compensation Plan, as such plan may be amended and restated from time to time. Until issued, any pending Longevity Grant will be subject to the same terms and conditions applicable to the comparable award under the Incentive Compensation Plan, as amended from time to time, and any related form of award agreement under the Incentive Compensation Plan applicable to such award, including, but not limited to, the effects a Change in Control or a termination of service for any reason, including Retirement, death, Disability, or for cause, might have on the comparable award. The Compensation Committee retains the discretion to award a departing Non-employee Director the amount of any Longevity Grant to which the Non-employee Director was entitled as of the date of a Change in Control or the Non-employee Director's termination of service for any reason other than for cause.

Definition: Non-employee Director—A non-employee director or advisory director of the Company who has not been employed by the Company for at least 3 years and/or has not tendered his resignation from the Board; provided that payments for an advisory or consulting agreement or for professional services shall not constitute employment for this purpose.

**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: May 12, 2008

/s/ TODD M. HORNBECK

Todd M. Hornbeck  
Chief Executive Officer  
(Principal Executive Officer)

**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: May 12, 2008

/s/ JAMES O. HARP, JR.

James O. Harp, Jr.  
Executive Vice President and  
Chief Financial Officer  
(Principal Financial Officer)



**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 ending March 31, 2008, 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: May 12, 2008

/s/ TODD M. HORNBECK

Todd M. Hornbeck

Chairman, President and Chief Executive Officer

**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 ending March 31, 2008, 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: May 12, 2008

/s/ JAMES O. HARP, JR.

James O. Harp, Jr.

Executive Vice President and Chief Financial Officer