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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, 2015

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

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

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

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

The total number of shares of common stock, par value \$.01 per share, outstanding as of April 30, 2015 was 35,703,701.

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**HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES**

**FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2015**

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## PART 1—FINANCIAL INFORMATION

## Item 1—Financial Statements

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

	March 31, 2015	December 31, 2014
	(Unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 279,458	\$ 185,123
Accounts receivable, net of allowance for doubtful accounts of \$3,033 and \$3,693, respectively	111,613	130,969
Deferred tax assets, net	37,387	45,531
Assets held for sale	26,894	—
Other current assets	24,838	20,049
Current assets from discontinued operations	—	470
Total current assets	480,190	382,142
Property, plant and equipment, net	2,421,026	2,459,486
Deferred charges, net	60,651	68,953
Other assets	11,926	11,870
Total assets	\$ 2,973,793	\$ 2,922,451
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 40,800	\$ 42,404
Accrued interest	13,490	14,890
Accrued payroll and benefits	11,232	14,830
Deferred revenue	1,057	1,561
Other accrued liabilities	17,262	9,359
Current liabilities from discontinued operations	—	1
Total current liabilities	83,841	83,045
Long-term debt, net of original issue discount of \$49,104 and \$51,528 respectively	1,075,896	1,073,472
Deferred tax liabilities, net	404,756	392,492
Other liabilities	2,465	1,117
Long-term liabilities of discontinued operations	—	1,560
Total liabilities	1,566,958	1,551,686
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; 35,693 and 35,557 shares issued and outstanding, respectively	357	356
Additional paid-in-capital	736,813	736,294
Retained earnings	670,870	635,017
Accumulated other comprehensive loss	(1,205)	(902)
Total stockholders' equity	1,406,835	1,370,765
Total liabilities and stockholders' equity	\$ 2,973,793	\$ 2,922,451

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

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

	Three Months Ended March 31,	
	2015	2014
	(Unaudited)	
Revenues	\$ 134,624	\$ 136,585
Costs and expenses:		
Operating expenses	61,420	68,581
Depreciation	19,984	16,185
Amortization	7,486	13,175
General and administrative expenses	11,892	13,685
	<u>100,782</u>	<u>111,626</u>
Gain on sale of assets	33,056	69
Operating income	66,898	25,028
Other income (expense):		
Interest income	214	364
Interest expense	(10,262)	(7,232)
Other income (expense), net	440	(77)
	<u>(9,608)</u>	<u>(6,945)</u>
Income before income taxes	57,290	18,083
Income tax expense	21,437	6,729
Income from continuing operations	35,853	11,354
Income from discontinued operations, net of tax	—	412
Net income	<u>\$ 35,853</u>	<u>\$ 11,766</u>
Earnings per share:		
Basic earnings per common share from continuing operations	\$ 1.01	\$ 0.32
Basic earnings per common share from discontinued operations	—	0.01
Basic earnings per common share	<u>\$ 1.01</u>	<u>\$ 0.33</u>
Diluted earnings per common share from continuing operations	\$ 0.99	\$ 0.31
Diluted earnings per common share from discontinued operations	—	0.01
Diluted earnings per common share	<u>\$ 0.99</u>	<u>\$ 0.32</u>
Weighted average basic shares outstanding	<u>35,630</u>	<u>36,169</u>
Weighted average diluted shares outstanding	<u>36,116</u>	<u>36,717</u>

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

**HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
**(In thousands)**

	Three Months Ended March 31,	
	2015	2014
	(Unaudited)	
Net income	\$ 35,853	\$ 11,766
Other comprehensive income:		
Foreign currency translation income (loss)	(302)	96
Total comprehensive income	<u>\$ 35,551</u>	<u>\$ 11,862</u>

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

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

	Three Months Ended March 31,	
	2015	2014
	(Unaudited)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Income from continuing operations	\$ 35,853	\$ 11,354
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:		
Depreciation	19,984	16,185
Amortization	7,486	13,175
Stock-based compensation expense	1,972	2,631
Provision for bad debts	(660)	(68)
Deferred tax expense	21,450	6,084
Amortization of deferred financing costs	2,444	1,956
Gain on sale of assets	(33,056)	(69)
Changes in operating assets and liabilities:		
Accounts receivable	19,704	5,843
Other receivables and current assets	(4,422)	(8,815)
Deferred drydocking charges	(2,553)	(9,915)
Accounts payable	(6,767)	12,497
Accrued liabilities and other liabilities	1,403	(12,904)
Accrued interest	(1,400)	(1,250)
Net cash provided by operating activities	<u>61,438</u>	<u>36,704</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Costs incurred for OSV newbuild program	(52,617)	(114,067)
Net proceeds from sale of assets	114,000	76
Vessel capital expenditures	(21,843)	(14,656)
Non-vessel capital expenditures	(4,388)	(556)
Net cash provided by (used in) investing activities	<u>35,152</u>	<u>(129,203)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Tax benefit from share-based payments	—	248
Deferred financing costs	(1,953)	—
Net cash proceeds from other shares issued	—	90
Net cash provided by (used in) financing activities	<u>(1,953)</u>	<u>338</u>
<b>CASH FLOWS FROM DISCONTINUED OPERATIONS:</b>		
Net cash provided by operating activities	—	826
Net cash provided by investing activities	—	1,288
Net cash provided by discontinued operations	<u>—</u>	<u>2,114</u>
Effects of exchange rate changes on cash	(302)	96
Net increase (decrease) in cash and cash equivalents	94,335	(89,951)
Cash and cash equivalents at beginning of period	185,123	439,291
Cash and cash equivalents at end of period	<u>\$ 279,458</u>	<u>\$ 349,340</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW ACTIVITIES:</b>		
Cash paid for interest	<u>\$ 14,032</u>	<u>\$ 13,882</u>
Cash paid for income taxes	<u>\$ 1,373</u>	<u>\$ 937</u>

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

**HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

## **1. Basis of Presentation**

The accompanying unaudited consolidated financial statements do not include certain information and footnote disclosures required by United States generally accepted accounting principles, or GAAP. The interim financial statements and notes are presented as permitted by instructions to the Quarterly Report on Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, all adjustments necessary for a fair presentation of the interim financial statements have been included and consist only of normal recurring items. The unaudited quarterly financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Annual Report on Form 10-K of Hornbeck Offshore Services, Inc. (together with its subsidiaries, the "Company") for the year ended December 31, 2014. The results of operations for the three months ended March 31, 2015 are not necessarily indicative of the results that may be expected for the year ending December 31, 2015.

The consolidated balance sheet at December 31, 2014 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. Recent Accounting Pronouncements**

On April 7, 2015, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update (ASU) No. 2015-03, "Interest - Imputation of Interest - Simplifying the Presentation of Debt Issuance Costs" (Subtopic 835-30). The amendments in ASU No. 2015-03 require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in ASU No. 2015-03. Therefore, the amortization of such costs will continue to be calculated using the interest method and be reported as interest expense. ASU No. 2015-03 requires retrospective application and will be effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early application is permitted. The Company has approximately \$19.0 million of debt issuance costs that will be subject to this accounting standard. The Company is evaluating the effect of this new standard on its financial statements.

On May 28, 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers" (Topic 606), which supersedes the revenue recognition requirements in FASB Accounting Standard Codification (ASC) Topic 605, "Revenue Recognition." ASU No. 2014-09 requires entities to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. ASU 2014-09 requires retrospective application and will be effective for financial statements issued for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. Early application is not permitted. The Company is evaluating the effect of this new standard on its financial statements.

**HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

### 3. Earnings Per Share

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

	Three Months Ended March 31,	
	2015	2014
Income from continuing operations	\$ 35,853	\$ 11,354
Income from discontinued operations, net of tax (1)	—	412
Net income	<u>\$ 35,853</u>	<u>\$ 11,766</u>
Weighted average number of shares of common stock outstanding	35,630	36,169
Add: Net effect of dilutive stock options and unvested restricted stock (2)(3)(4)	486	548
Weighted average number of dilutive shares of common stock outstanding	<u>36,116</u>	<u>36,717</u>
Earnings per common share:		
Basic earnings per common share from continuing operations	\$ 1.01	\$ 0.32
Basic earnings per common share from discontinued operations	—	0.01
Basic earnings per common share	<u>\$ 1.01</u>	<u>\$ 0.33</u>
Diluted earnings per common share from continuing operations	\$ 0.99	\$ 0.31
Diluted earnings per common share from discontinued operations	—	0.01
Diluted earnings per common share	<u>\$ 0.99</u>	<u>\$ 0.32</u>

(1) On August 29, 2013, the Company closed the sale of its Downstream segment.

(2) For the three months ended March 31, 2015, the Company had 337 anti-dilutive stock options. For the three months ended March 31, 2014, the Company had no anti-dilutive stock options. Stock options are anti-dilutive when the exercise price of the options is greater than the average market price of the common stock for the period or when the results from operations are a net loss.

(3) For the three months ended March 31, 2015 and 2014, the 2019 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. It is the Company's stated intention to redeem the principal amount of its 2019 convertible senior notes in cash and the Company has used the treasury method for determining potential dilution in the diluted earnings per share computation.

(4) Dilutive unvested restricted stock units are expected to fluctuate from quarter to quarter depending on the Company's performance compared to a predetermined set of performance criteria. See Note 7 to these financial statements for further information regarding certain of the Company's restricted stock grants.

### 4. Assets Held for Sale

On February 27, 2015, the Company closed on the sale of three 250EDF class OSVs, the *HOS Arrowhead*, the *HOS Eagleview* and the *HOS Westwind*, which were previously chartered to the U.S. Navy, for cash consideration of \$114.0 million. The sale resulted in a pre-tax gain of approximately \$33.1 million (\$20.7 million after-tax or \$0.57 per diluted share). The vessel purchase agreement includes an option for the acquisition of a fourth vessel currently under charter to the U.S. Navy, the *HOS Black Powder*. This purchase option expires on September 30, 2016. In recognition of the purchase option for the *HOS Black Powder*, the Company has accounted for this vessel as an asset held for sale. As of December 31, 2014, this vessel and its deferred regulatory drydocking costs were included in the Company's fixed assets and deferred charges in the amounts of \$25.9 million and \$1.2 million, respectively. As of March 31, 2015, the asset and its deferred regulatory drydocking costs are classified as assets held for sale. The Company has suspended its depreciation and amortization for the vessel until the purchase option is exercised, which is expected to occur on or before September 30, 2015.

**HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

## 5. Long-Term Debt

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

	March 31, 2015	December 31, 2014
5.875% senior notes due 2020	\$ 375,000	\$ 375,000
5.000% senior notes due 2021	450,000	450,000
1.500% convertible senior notes due 2019, net of original issue discount of \$49,104 and \$51,528	250,896	248,472
Revolving credit facility due 2020	—	—
	<u>1,075,896</u>	<u>1,073,472</u>
Less current maturities	—	—
	<u>\$ 1,075,896</u>	<u>\$ 1,073,472</u>

The table below summarizes the Company's cash interest payments (in thousands):

	Semi-Annual Cash Interest Payment	Payment Dates
5.875% senior notes due 2020	\$ 11,000	April 1 and October 1
5.000% senior notes due 2021	11,300	March 1 and September 1
1.500% convertible senior notes due 2019	2,300	March 1 and September 1

### ***Revolving Credit Facility***

On February 6, 2015, the Company amended and restated its revolving credit facility. The key changes to the Company's revolving credit facility were effective commencing with the fiscal quarter ended December 31, 2014 and are noted below:

- extend the maturity from November 2016 to February 2020, unless the Company's 2020 senior notes remain outstanding on October 1, 2019, in which case the facility will mature on such date;
- provide that, if the Company's 2019 convertible senior notes remain outstanding on March 1, 2019, the Company is required to maintain a specified minimum liquidity until after redemption or refinancing of the convertible senior notes;
- substitute new vessels as collateral and reduce the number of vessels pledged from 23 OSVs valued in excess of \$600 million to 10 OSVs valued in excess \$450 million, in accordance with a reduction in the minimum collateral-to-loan value ratio from 200% of the borrowing base to 150% of the borrowing base;
- replace the prior debt-to-EBITDA leverage ratios with a new total debt-to-capitalization ratio, as defined, as a financial covenant and for pricing determination;
- set the maximum total debt-to-capitalization ratio, as defined, at 55% for the first nine fiscal quarters beginning with the quarter ended December 31, 2014 and stepping down to 50% for each fiscal quarter thereafter;
- increase the aggregate amount of restricted payments, as defined, that may be made by the Company from \$37.5 million to \$125.0 million plus 50% of the Company's cumulative consolidated net income from January 1, 2006 to the end of the most recently ended fiscal quarter for which internal financial statements are available at the time of such restricted payment, as defined, subject to cash or cash equivalents or availability maintenance requirements.

Other than these key changes, all other definitions and substantive terms in the Company's credit agreement governing its revolving credit facility were unchanged with the February 2015 amendment and remain in effect through the remaining life of the facility.

**HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

Under the Company's revolving credit facility, the Company has the option of borrowing at a variable rate of interest equal to (i) the London Interbank Offered Rate, or LIBOR, plus a margin of 2.0% to 3.0% or (ii) the greatest of the Prime Rate, the Federal Funds Effective Rate plus 1/2 of 1% or LIBOR, plus 1.0%; plus in each case an applicable margin. The applicable margin for each base rate is determined by a pricing grid, which is based on a new total debt-to-capitalization ratio, as defined in the credit agreement governing the revolving credit facility, as amended. Unused commitment fees are payable quarterly at the annual rate ranging from 37.5 to 50.0 basis points of the unused portion of the borrowing base of the new revolving credit facility, based on the defined total debt-to-capitalization ratio.

As of March 31, 2015, there were no amounts drawn under the Company's \$300.0 million revolving credit facility and \$0.5 million posted as letters of credit. As of March 31, 2015, the Company was in compliance with all financial covenants required by its revolving credit facility and the full amount of the undrawn borrowing base under the facility was available to the Company for all permissible uses of proceeds, including working capital, if necessary.

The Company estimates the fair value of its 2020 senior notes, 2021 senior notes and 2019 convertible senior notes by primarily using quoted market prices. The fair value of the Company's revolving credit facility, when there are outstanding balances, approximates its carrying value. The face value, carrying value and fair value of the Company's total debt was \$1,125.0 million, \$1,075.9 million and \$918.8 million, respectively, as of March 31, 2015. Given the observability of the inputs to these estimates, the fair values presented for long-term debt have been assigned a Level 2 of the three-level valuation hierarchy.

### ***Capitalized Interest***

During the three months ended March 31, 2015, the Company capitalized approximately \$5.8 million of interest costs related to the construction of vessels. During the three months ended March 31, 2014, the Company capitalized approximately \$8.7 million of interest costs related to the construction of vessels.

## **6. Repurchases of Common Stock**

On October 28, 2014, the Company's Board of Directors authorized the Company to repurchase up to \$150.0 million in shares of its common stock using different methods including, but not limited to, open-market purchases, privately negotiated transactions, accelerated share repurchases and Rule 10b5-1 trading plans. The timing and amount of the repurchases will depend on several factors, such as market conditions, applicable legal requirements, available liquidity, the discretion of management and other appropriate factors. The repurchase program does not obligate the Company to acquire any particular amount of common stock and may be modified, suspended or discontinued at any time. The Company did not repurchase any shares of common stock during the first quarter of 2015. As of March 31, 2015, the Company incurred roughly \$25.0 million to repurchase and retire 891,396 shares at an average price of \$28.05 per share, which represents roughly 2.5% of the Company's total shares outstanding prior to the commencement of the program.

## **7. Incentive Compensation**

### ***Stock-Based Incentive Compensation Plan***

The Company's stock-based incentive compensation plan covers a maximum of 4.2 million shares of common stock that allows the Company to grant restricted stock awards, restricted stock unit awards, or collectively restricted stock, stock options, stock appreciation rights and fully-vested common stock to employees and directors. As of March 31, 2015, the Company has granted 4.0 million shares of common stock under such plan. The Company is currently seeking stockholder approval to increase the maximum

**HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

number of shares available under its current long-term compensation plan by 750,000 to 4,950,000. The results of this proposal will be known at the Company's annual stockholder meeting on June 18, 2015.

During the three months ended March 31, 2015, the Company granted cash-settled phantom restricted stock units, time-based restricted stock units, performance-based restricted stock units and fully-vested common stock as noted in the table below.

	<u>Directors</u>	<u>Executive Officers</u>	<u>Certain Managers</u>
Cash-settled phantom restricted stock units		X	X
Time-based restricted stock units		X	
Performance-based restricted stock units		X	
Fully-vested common stock	X		

The shares to be received under the performance-based restricted stock units are calculated based on the Company's performance compared to three pre-determined criteria, as defined by the restricted stock agreements governing such awards. The actual number of shares that could be received by the award recipients can range from 0% to 150% of the awards granted depending on the Company's performance. During the three months ended March 31, 2015, the Company granted 348,216 time-based and performance-based restricted stock units, 42,692 cash-settled phantom restricted stock units and 11,072 shares of fully-vested common stock.

Compensation expense related to 2015 restricted stock unit grants is recognized over the three-year service period. The fair value of the Company's performance-based restricted stock units, which is the stock price on the date of grant, is applied to the total shares that are expected to fully vest and is amortized over the vesting period, which is generally three years, based on the Company's internal performance measured against the pre-determined criteria, as applicable. The compensation expense related to time-based restricted stock units and cash-settled phantom restricted stock units are amortized over a vesting period of up to three years, as applicable, and 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. The cash-settled phantom restricted stock units are re-measured quarterly and classified as a liability, due to the settlement of these awards in cash. In addition to the restricted stock units granted in 2015, the Company granted performance-based and time-based restricted stock units in 2012, 2013 and 2014. During the three months ended March 31, 2015, the Company issued 136,046 shares, in the aggregate, of stock due to: 1) vestings of restricted stock units and 2) the issuance of fully-vested common stock.

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

	<b>Three Months Ended March 31,</b>	
	<b>2015</b>	<b>2014</b>
Income before taxes	\$ 1,972	\$ 2,631
Net income	\$ 1,234	\$ 1,653
Earnings per common share:		
Basic earnings per common share	\$ 0.03	\$ 0.05
Diluted earnings per common share	\$ 0.03	\$ 0.05

**HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES**  
**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

## **8. Commitments and Contingencies**

### ***Vessel Construction***

In November 2011, the Company announced, and has since expanded, its fifth OSV newbuild program. This program now consists of vessel construction contracts with three domestic shipyards to build four 300 class OSVs, five 310 class OSVs, ten 320 class OSVs and five 310 class MPSVs. As of March 31, 2015, the Company had placed 16 vessels in service under such program. The eight remaining vessels under this 24-vessel domestic newbuild program are currently expected to be placed in service as follows: five in the remainder of 2015 and three in 2016. Based on current contracts and internal estimates, the aggregate total cost of this program, before construction period interest, is expected to be approximately \$1,265.0 million, of which \$140.4 million and \$44.4 million are expected to be incurred in the remainder of 2015 and fiscal 2016, respectively. From the inception of this program through March 31, 2015, the Company had incurred construction costs of approximately \$1,080.2 million, or 85.4%, of total expected project costs.

### ***Contingencies***

In the normal course of its business, the Company becomes involved in various claims and legal proceedings in which monetary damages are sought. The Company insures against losses relating to its vessels, pollution and third party liabilities, including claims by employees under Section 33 of the Merchant Marine Act of 1920, or the Jones Act. Third party liabilities and pollution claims that relate to vessel operations are covered by the Company's entry in a mutual protection and indemnity association, or P&I Club, as well as by marine liability policies in excess of the P&I Club's coverage. The Company provides reserves for 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 claims and revise its estimates. Although revisions to such estimates historically have not been material, changes in estimates of the potential liability could materially impact the Company's results of operations, financial position or cash flows.

Vessel charters with Petrobras include limitations regarding fuel consumption. Petrobras has asserted claims against the Company relating to excess fuel consumption. The Company's exposure for these assessments, net of amounts accrued, is in the range of approximately \$0.5 million to \$3.0 million. The Company disagrees with these assessments. While the Company cannot currently estimate the amounts or timing of the resolution of these matters, the Company believes that the outcome will not have a material impact on its liquidity or financial position, but the ultimate resolution could have a material impact on its interim or annual results of operations.

During 2013, the Company commenced the process of assigning the in-country vessel management services for its four vessels operating in Brazil from a third-party provider to a wholly-owned subsidiary of the Company. As a result, this assignment may be interpreted by local authorities as a new importation of these vessels resulting in an importation assessment ranging from \$0.5 million to \$3.5 million. The Company disagrees with this interpretation. As of March 31, 2015, these potential duties have not been assessed or recorded in its financial statements. While the Company cannot estimate the amounts or timing of the resolution of this matter, the Company believes that the outcome will not have a material impact on its liquidity or financial position, but the ultimate resolution could have a material impact on its interim or annual results of operations.

During 2012, an Upstream customer, ATP Oil and Gas, Inc., initiated a reorganization proceeding under Chapter 11 of the United States Bankruptcy Code. Pre-petition receivables from ATP were \$4.8 million and the Company has recorded \$0.9 million in reserves. While the Company believes that the net receivables are collectible, it will continue to monitor the proceedings, which may result in actual collections that may differ materially from the current estimate.

## 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, 2014. This discussion contains forward-looking statements that reflect our current views with respect to future events and financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements. See “Forward Looking Statements” for additional discussion regarding risks associated with forward-looking statements. In this Quarterly Report on Form 10-Q, “company,” “we,” “us,” “our” or like terms refer to Hornbeck Offshore Services, Inc. and its subsidiaries, except as otherwise indicated. Please refer to Item 5—Other Information for a glossary of terms used throughout this Quarterly Report on Form 10-Q.

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

### General

During the latter half of 2014 and in early 2015, oil prices have fallen precipitously from a prevailing price during most of 2014 of over \$90 per barrel to a trading range of \$45 to \$60 per barrel. The drop in oil price appears to be due to surplus oil, driven in part by a significant rise in U.S. shale oil production as well as other previously unavailable sources of supply. In addition, economic weakness in many regions of the world, notably Europe and China, has reduced the previously expected oil consumption growth rate. As a result of the reduction in oil prices, oil companies have significantly reduced their capital spending budgets for 2015. Several major and independent oil companies with deepwater operations have announced capital spending reductions. We believe that the long-term nature of deepwater projects insulates them, somewhat, from a short-term fall in oil prices and that sanctioned or on-going projects will proceed. However, deepwater activities will be affected by lower prices, even if they are affected less than other activities. We have experienced requests by our deepwater customers for price reductions in order to help mitigate the impact that lower commodity prices are having and will continue to have on oil company operating results and cashflows. In addition, sustained low commodity prices may cause un-sanctioned projects to be delayed or canceled altogether, which could be manifested in less activity later, even if oil prices recover. We cannot predict whether, and to what extent, or when oil prices will improve. Many of our operations are in support of deepwater projects that are in their final stages or of projects that do not involve deepwater and are more susceptible to immediate wind-down. In addition, shelf drilling activity in the GoM has declined substantially. The lack of a shelf market has impacted us in two ways. First, our low-spec DP-1 vessels in the GoM principally support shelf activities. Second, in prior periods of market over capacity, high-spec equipment has been able to displace low-spec equipment working on the shelf. However, that alternative market has deteriorated considerably.

The rapid decline in global oil prices has created great uncertainty in the industry for all of our core markets in 2015. In the GoM, aggressive cost cutting measures employed by our customers and the increased supply of high-spec OSVs have placed pressure on dayrates across the entire fleet. We expect 37 high-spec OSVs to deliver into the domestic market during 2015, including six of our own. During the first quarter of 2015, there was an average of roughly 50 floating rigs available in the GoM, while an average of 42 were working. As of April 30, 2015, there were 48 rigs available and 40 were working. However, nine floating rigs have contracts that will expire during the remainder of 2015 and one is scheduled to leave the region. We do not

know whether the remaining eight rigs will receive contract renewals for operations in the GoM. We also expect seven new rigs to arrive in the GoM during 2015, all of which are contracted. We have recently observed that, following arrival in the GoM, it can take several months for a rig to commence work, and, therefore, we do not know the timing of when operations of newly arrived rigs will begin. Given these market conditions, we anticipate our average dayrates and utilization levels to be adversely affected compared to our 2013 and 2014 results.

In Mexico, while the energy reform continues to progress, questions remain on the timing of the incremental activity expected in the deepwater GoM given the current oil price environment. We will continue to explore opportunities to place additional vessels into Mexico to support Pemex in its ongoing shallow water activity.

In Brazil, lower oil prices combined with a significant corruption probe involving Petrobras and certain of its vendors have combined to create substantial uncertainty over the pace at which Petrobras can proceed with previously announced plans. The four vessels we currently have operating under long-term charter for Petrobras will end their initial term in the second half of 2015. It remains unclear whether Petrobras intends to open negotiations for extending the charters for those vessels or, given the current oil price environment, will choose to allow the contracts to expire.

During the fourth quarter of 2014, in recognition of these weak market conditions, we cold-stacked five 200 class OSVs and sold one such vessel. We have stacked two additional 200 class OSVs and eleven 240 class OSVs thus far in 2015. By stacking vessels, we expect to significantly reduce our cash outlays, however, we will also have fewer revenue-producing units in service that can potentially contribute to our results. We may choose to stack additional vessels if market conditions deteriorate further.

### **Contract Coverage**

As of April 29, 2015, we had 36% of our new generation OSV vessel-days contracted for the remainder of 2015. Our forward OSV contract coverage for the fiscal year ending December 31, 2016 currently stands at 7%. MPSV contract coverage for the remainder of 2015 and for fiscal 2016 is currently 29% and 0%, respectively.

## Our Vessels

All of our current Upstream vessels are qualified under the Jones Act to engage in U.S. coastwise trade, except for eight foreign-flagged new generation OSVs and two foreign-flagged MPSVs. As of March 31, 2015, our 47 active new generation OSVs and five MPSVs were operating in domestic and international areas as noted in the following table:

### Operating Areas

<i>Domestic</i>	
GoM	29
Other U.S. coastlines (1)	3
	32
<i>Foreign</i>	
Brazil	4
Mexico	12
Middle East	1
Europe	1
Other Latin America	2
	20
<i>Total Vessels (2)</i>	52

(1) Includes three vessels that are currently supporting the military.

(2) Excluded from this table are 13 new generation OSVs and one non-core conventional OSV that were stacked as of March 31, 2015.

## Critical Accounting Estimates

This Management's Discussion and Analysis of Financial Condition and Results of Operations discusses our unaudited consolidated financial statements included in this Quarterly Report on Form 10-Q. In many cases, the accounting treatment of a particular transaction is specifically dictated by U.S. GAAP. In other circumstances, we are required to make estimates, judgments and assumptions that we believe are reasonable based on available information. We base our estimates and judgments on historical experience and various other factors that we believe are reasonable based upon the information available. Actual results may differ from these estimates under different assumptions and conditions. Our significant accounting policies are discussed in Note 2 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2014.

## Results of Operations

The tables below set forth the average dayrates, utilization rates and effective dayrates for our new generation OSVs and the average number and size of vessels owned during the periods indicated. These vessels generate a substantial portion of our revenues and operating profit. Excluded from the OSV information below are the results of operations for our MPSVs, our shore-base facility, and vessel management services. The Company does not provide average or effective dayrates for its MPSVs. MPSV dayrates are impacted by highly variable customer-required cost-of-sales associated with ancillary equipment and services, such as ROVs, accommodation units and cranes, which are typically recovered through higher dayrates charged to the customer. Due to the fact that each of our MPSVs have a workload capacity and significantly higher income-generating potential than each of the Company's new generation OSVs, the utilization and dayrate levels of our MPSVs can have a very large impact on our results of operations. For this reason, our consolidated operating results, on a period-to-period basis, are disproportionately impacted by the level of dayrates and utilization achieved by our five MPSVs.

	Three Months Ended March 31,	
	2015	2014
<b>Offshore Supply Vessels:</b>		
Average number of new generation OSVs (1)	61.4	54.2
Average number of active new generation OSVs (2)	51.9	54.2
Average new generation OSV fleet capacity (DWT)	208,495	157,296
Average new generation OSV capacity (DWT)	3,395	2,901
Average new generation OSV utilization rate (3)	64.7%	75.3%
Effective new generation OSV utilization rate (4)	76.6%	75.3%
Average new generation OSV dayrate (5)	\$ 26,705	\$ 26,237
Effective dayrate (6)	\$ 17,278	\$ 19,756

- (1) We owned 60 new generation OSVs as of March 31, 2015. Excluded from this data is one stacked conventional OSV that we consider to be a non-core asset. Also excluded from this data are five MPSVs owned and operated by the Company. During the first three months of 2015, we placed in service two 320 class OSVs, the *HOS Caledonia* and the *HOS Crestview*.
- (2) In response to weak market conditions, we elected to stack 13 new generation OSVs on various dates during the fourth quarter of 2014 and the first quarter of 2015. Active new generation OSVs represent vessels that are immediately available for service during each respective period.
- (3) Average utilization rates are average rates based on a 365-day year. Vessels are considered utilized when they are generating revenues.
- (4) Effective utilization rate is based on a denominator comprised only of vessel-days available for service by the active fleet, which excludes the impact of stacked vessel days.
- (5) Average new generation OSV dayrates represent average revenue per day, which includes charter hire, crewing services, and net brokerage revenues, based on the number of days during the period that the OSVs generated revenue.
- (6) Effective dayrate represents the average dayrate multiplied by the utilization rate for the respective period.

## Non-GAAP Financial Measures

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

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

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

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

The following table provides the detailed components of EBITDA from continuing operations as we define that term for the three months ended March 31, 2015 and 2014, respectively (in thousands):

	Three Months Ended March 31,	
	2015	2014
<b>Components of EBITDA:</b>		
Income from continuing operations	\$ 35,853	\$ 11,354
Interest expense, net		
Debt obligations	10,262	7,232
Interest income	(214)	(364)
Total interest, net	10,048	6,868
Income tax expense	21,437	6,729
Depreciation	19,984	16,185
Amortization	7,486	13,175
EBITDA from continuing operations	\$ 94,808	\$ 54,311

The following table reconciles EBITDA from continuing operations to cash flows provided by operating activities for the three months ended March 31, 2015 and 2014, respectively (in thousands):

	Three Months Ended March 31,	
	2015	2014
<b>EBITDA Reconciliation to GAAP:</b>		
EBITDA from continuing operations	\$ 94,808	\$ 54,311
Cash paid for deferred drydocking charges	(2,553)	(9,915)
Cash paid for interest	(14,032)	(13,882)
Cash paid for taxes	(1,373)	(937)
Changes in working capital	16,332	4,633
Stock-based compensation expense	1,972	2,631
Changes in other, net	(33,716)	(137)
Net cash flows provided by operating activities	\$ 61,438	\$ 36,704

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

The following table provides certain detailed adjustments to EBITDA, as defined in our revolving credit facility, for the three months ended March 31, 2015 and 2014, respectively (in thousands):

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

	Three Months Ended March 31,	
	2015	2014
Stock-based compensation expense	\$ 1,972	\$ 2,631
Interest income	214	364

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

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

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

Summarized financial information for the three months ended March 31, 2015 and 2014, respectively, is shown below in the following table (in thousands, except percentage changes):

	Three Months Ended March 31,		Increase (Decrease)	
	2015	2014	\$ Change	% Change
Revenues:				
Domestic	\$ 93,026	\$ 117,070	\$ (24,044)	(20.5) %
Foreign	41,598	19,515	22,083	>100 %
	134,624	136,585	(1,961)	(1.4) %
Operating expenses	61,420	68,581	(7,161)	(10.4) %
Depreciation and amortization	27,470	29,360	(1,890)	(6.4) %
General and administrative expenses	11,892	13,685	(1,793)	(13.1) %
	100,782	111,626	(10,844)	(9.7) %
Gain on sale of assets	33,056	69	32,987	>100 %
Operating income	66,898	25,028	41,870	>100 %
Interest expense	10,262	7,232	3,030	41.9 %
Interest income	214	364	(150)	(41.2) %
Income tax expense	21,437	6,729	14,708	>100 %
Income from continuing operations	35,853	11,354	24,499	>100 %
Income from discontinued operations, net of tax	—	412	(412)	(100.0) %
Net income	\$ 35,853	\$ 11,766	\$ 24,087	>100 %

### Three Months Ended March 31, 2015 Compared to Three Months Ended March 31, 2014

**Revenues.** Revenues for the three months ended March 31, 2015 decreased by \$2.0 million, or 1.4%, to \$134.6 million compared to the same period in 2014. Our weighted-average active operating fleet for the three months ended March 31, 2015 and 2014 was 57 and 58 vessels, respectively. The decrease in revenues was primarily due to soft spot market conditions in the GoM, which led to our decision to stack 18 OSVs on various dates in the fourth quarter of 2014 and thus far in 2015. For the three months ended March 31, 2015, we had an average of 9.5 vessels stacked compared to none in the prior-year quarter. This decrease in revenue was partially offset by \$18.1 million in revenue earned from the full or partial-period contribution of 12 vessels that were placed in service since December 2013 under our fifth OSV newbuild program. Average new generation OSV dayrates were \$26,705 for the first three months of 2015 compared to \$26,237 for the same period in 2014, an increase of \$468, or 1.8%. Our new generation OSV utilization was 64.7% for the first three months of 2015 compared to 75.3% for the same period in 2014. This decrease in utilization is primarily due to soft market conditions for high-spec OSVs operating in the GoM spot market and the incremental vessels that were stacked during the current-year quarter. Our high-spec OSVs incurred 58 days of aggregate downtime for regulatory drydockings and were stacked for an aggregate of 266 days during the first quarter of 2015. Excluding stacked vessel days, our new generation OSV effective utilization was 76.6% and 75.3% for the same periods, respectively. Domestic revenues decreased \$24.0 million from the year-ago period primarily due to lower dayrates earned by vessels operating in our fleet during the three months ended March 31, 2015 and March 31, 2014, respectively, and the stacking of vessels in late 2014 and early 2015. Foreign revenues increased \$22.1 million primarily due to ten incremental vessels operating in foreign regions during the three months ended March 31, 2015 compared to the year-ago period. Foreign revenues for the first three months of 2015 comprised 30.9% of our total revenues compared to 14.3% for the year-ago period.

**Operating Expenses.** Operating expenses were \$61.4 million, a decrease of \$7.2 million, or 10.5%, for the three months ended March 31, 2015 compared to \$68.6 million for the same period in 2014. Operating expenses were driven lower by vessels that were idled or stacked since late 2014, which resulted in a substantial reduction in mariner headcount. This decrease was partially offset by \$11.5 million of operating

costs related to the full or partial-period contribution from vessels added to our fleet since December 2013. Aggregate cash operating expenses for our vessels are projected to be in the approximate annual range of \$253.0 million to \$268.0 million for the year ending December 31, 2015. The cash operating expense estimate above is exclusive of any additional repositioning expenses we may incur in connection with the potential relocation of more of our current spot vessels into international markets or back to the GoM from international markets, and any customer-required cost-of-sales related to future contract fixtures that are typically recovered through higher dayrates.

*Depreciation and Amortization.* Depreciation and amortization was \$1.9 million, or 6.4%, lower for the three months ended March 31, 2015 compared to the same period in 2014. Depreciation increased by \$3.8 million primarily due to the contribution of 12 vessels that were placed in service on various dates since December 2013. The depreciation increase was more than offset by a decrease in amortization expense of \$5.7 million, which was largely due to \$4.3 million of incremental amortization recorded for the accelerated regulatory drydocking of vessels during the first three months of 2014. Depreciation and amortization expense is expected to continue to increase from current levels as the vessels under our current newbuild program are placed in service and when any newly constructed vessels undergo their initial 30-month and 60-month recertifications.

*General and Administrative Expense.* General and administrative, or G&A, expenses of \$11.9 million, or 8.8% of revenues, was \$1.8 million lower during the three months ended March 31, 2015 compared to the same period in 2014. The decrease in G&A expense was primarily due to the cancellation of performance-based RSUs that did not achieve their performance vesting criteria, a reduction in bad debt reserves and lower shoreside compensation. Our G&A expenses are expected to be in the approximate annual range of \$50.0 million to \$55.0 million for the year ending December 31, 2015. For future periods, we expect to remain within our historical range of G&A-to-revenue margins, as well as those of our domestic public OSV peer group.

*Gain on Sale of Assets.* During the first three months of 2015, we completed the sale of three 250EDF class OSVs, the *HOS Arrowhead*, the *HOS Eagleview* and the *HOS Westwind*, to the U.S. Navy for cash consideration of \$114.0 million. The sale resulted in a pre-tax gain of approximately \$33.1 million (\$20.7 million after-tax or \$0.57 per diluted share). There was no gain or loss on sale of assets in the same period in 2014.

*Operating Income.* Operating income increased by \$41.9 million, or 167.6%, to \$66.9 million during the three months ended March 31, 2015 compared to the same period in 2014 for the reasons discussed above. Operating income as a percentage of revenues was 49.7% for the three months ended March 31, 2015 compared to 18.3% for the same period in 2014. Excluding the gain on sale of assets, our operating income for the first quarter of 2015 would have been \$33.8 million, or 25.1% of revenues.

*Interest Expense.* Interest expense increased \$3.0 million during the three months ended March 31, 2015 compared to the same period in 2014, primarily due to our capitalizing a lower percentage of interest compared to the prior-year period. During the three months ended March 31, 2015, we recorded \$5.8 million of capitalized construction period interest, or roughly 36% of our total interest costs, compared to having capitalized \$8.7 million, or roughly 55% of our total interest costs, for the year-ago period.

*Interest Income.* Interest income was \$0.2 million during the three months ended March 31, 2015, compared to \$0.4 million for the three months ended March 31, 2014. Our average cash balance decreased to \$245.4 million for the three months ended March 31, 2015 compared to \$391.8 million for the same period in 2014. The average interest rate earned on our invested cash balances was 0.4% during the three months ended March 31, 2015 and 2014, respectively. The decrease in average cash balance was primarily due to cash outflows associated with our fifth OSV newbuild program in 2014.

*Income Tax Expense.* Our effective tax rate was 37.4% and 37.2% for the three months ended March 31, 2015 and 2014, respectively. During the three months ended March 31, 2015, our income tax expense primarily consisted of deferred taxes. Our income tax rate differs from the federal statutory rate primarily due to expected state tax liabilities and items not deductible for federal income tax purposes.

*Income from Continuing Operations.* Operating performance increased by \$24.5 million for reported income from continuing operations of \$35.9 million for the three months ended March 31, 2015 compared to the same period during 2014. Excluding the gain on sale of assets, income from continuing operations would have been \$15.2 million for the three months ended March 31, 2015 compared to \$11.4 million for the same period in 2014. This increase in income from continuing operations for the three months ended March 31, 2015 was primarily due to a decrease in operating, G&A, and amortization expenses discussed above that were partially offset by lower revenues due to soft spot market conditions in the GoM.

## **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, remaining obligations under our expanded fifth OSV newbuild program, vessel recertifications, discretionary capital expenditures and debt service and may require capital to fund potential future vessel construction, retrofit or conversion projects, acquisitions or stock repurchases. The nature of our capital requirements and the types of our financing sources are not expected to change significantly for the remainder of 2015.

We have reviewed all of our debt agreements, as well as our liquidity position and projected future cash needs. Despite volatility in commodity markets, we remain confident in our current financial position, the strength of our balance sheet and the short- and long-term viability of our business model. To date, our liquidity has not been materially impacted and we do not expect that it will be materially impacted in the near future due to such volatility. Together with cash on-hand, we expect to generate sufficient cash flow from operations to cover all of our growth capital expenditures for the remaining eight HOSMAX vessels under construction, commercial-related capital expenditures, and all of our annually recurring cash debt service, maintenance capital expenditures and cash income taxes through the completion of the newbuild program, as well as discretionary share repurchases from time to time, without ever having to use our currently undrawn revolving credit facility. We have three tranches of funded unsecured debt outstanding that mature in fiscal years 2019, 2020, and 2021, respectively.

As of March 31, 2015, we had total cash and cash equivalents of \$279.5 million and a \$300 million revolving credit facility, expandable up to \$500 million, which is undrawn as of March 31, 2015. We also expect to receive an additional \$38.0 million in cash proceeds from the anticipated sale of the fourth 250EDF class OSV to the U.S. Navy during the third quarter of 2015.

On February 6, 2015, we amended and extended the maturity of our existing revolving credit facility to February 2020, provided that, if the 2019 convertible senior notes remain outstanding on March 1, 2019, the Company is required to maintain a specified minimum liquidity level until after the redemption or refinancing of the convertible senior notes, which mature on September 1, 2019. As of March 31, 2015, we had posted letters of credit for \$0.5 million and had \$299.5 million of credit available under our revolving credit facility. The full undrawn credit amount of such facility is available for all uses of proceeds, including working capital, if necessary. However, the primary intended use of the facility is the potential future construction or acquisition of assets that generate additional EBITDA.

On October 28, 2014, our Board of Directors authorized us to repurchase up to \$150 million in shares of our common stock from time to time, \$25 million of which was used to buy-back 891,396 shares during the fourth quarter of 2014. There were no such repurchases during the three months ended March 31, 2015. Any future repurchases under this program will be funded from our cash on-hand, cash flow from operations and/or cash proceeds from the divestiture of non-core assets.

Although we expect to continue generating positive working capital through our operations, events beyond our control, such as a further significant decline in commodity prices, renewed regulatory-driven delays in the issuance of drilling plans and permits in the GoM, further declines in expenditures for exploration, development and production activity, any extended reduction in domestic consumption of refined petroleum products and other reasons discussed under the "Forward Looking Statements" on page ii and the Risk Factors stated in Item 1A of our Annual Report on Form 10-K, may affect our financial condition, results of operations or cash flows. Should such need for additional financing arise, we may not be able to access the capital markets on

attractive terms at that time or otherwise obtain sufficient capital to meet our maturing debt obligations or finance growth opportunities that may arise. We will continue to closely monitor our liquidity position, as well as the state of the global capital and credit markets.

### Cash Flows

*Operating Activities.* We rely primarily on cash flows from operations to provide working capital for current and future operations. Cash flows from operating activities were \$61.4 million for the three months ended March 31, 2015 and \$36.7 million for the same period in 2014. Operating cash flows for the first three months of 2015 were favorably impacted by an increase in customer collections of outstanding accounts receivable balances combined with lower cash outflows for regulatory drydocking expenses compared to the year-ago period.

*Investing Activities.* Net cash provided by investing activities was \$35.2 million for the three months ended March 31, 2015 compared to net cash used in investing activities of \$129.2 million for the same period in 2014. Cash provided during the first three months of 2015 resulted from the sale of three 250EDF class OSVs to the the U.S. Navy partially offset by construction costs incurred for our fifth OSV newbuild program. Cash used in 2014 primarily consisted of construction costs incurred for our fifth OSV newbuild program.

*Financing Activities.* Net cash used by financing activities was \$2.0 million for the three months ended March 31, 2015 compared to cash provided by financing activities of \$0.3 million for the same period in 2014. Net cash used by financing activities for the three months ended March 31, 2015 primarily resulted from deferred financing costs related to the amendment and extension of our existing \$300 million revolving credit facility. Net cash provided by financing activities for the three months ended March 31, 2014 primarily resulted from net proceeds from common shares issued pursuant to our employee stock-based incentive compensation plan.

### Contractual Obligations

#### Debt

As of March 31, 2015, the Company had the following outstanding long-term debt (in thousands, except effective interest rate):

	Total Debt	Effective Interest Rate	Semi-Annual Cash Interest Payment	Payment Dates
5.875% senior notes due 2020 (1)	\$ 375,000	6.08%	\$ 11,000	April 1 and October 1
5.000% senior notes due 2021 (1)	450,000	5.21%	11,300	March 1 and September 1
1.500% convertible senior notes due 2019, net of original issue discount of \$49,104	250,896	6.23%	2,300	March 1 and September 1
	<u>\$ 1,075,896</u>			

(1) The senior notes do not require any payments of principal prior to their stated maturity dates, but pursuant to the indentures under which the 2020 and 2021 senior notes were issued, we would be required to make offers to purchase such senior notes upon the occurrence of specified events, such as certain asset sales or a change in control.

On February 6, 2015, we amended and extended our revolving credit facility to extend the maturity date, modify covenants and reduce the collateral coverage of such facility. The \$300.0 million revolving credit facility remains undrawn as of April 20, 2015. With the revolving credit facility, we have the option of borrowing at a variable rate of interest equal to (i) London Interbank Offered Rate, or LIBOR, plus a margin of 2.0% to 3.0% or (ii) the greatest of the Prime Rate, the Federal Funds Effective Rate plus 1/2 of 1% or LIBOR, plus 1.0%; plus in each case an applicable margin. The applicable margin for each base rate is determined by a pricing grid, which is based on a new total debt-to-capitalization ratio, as defined in the credit agreement governing the revolving credit facility, as amended. The applicable LIBOR margin for the amended revolving credit facility ranges from 200 to 300 basis points. Unused commitment fees are payable quarterly at the annual rate of

37.5 to 50.0 basis points of the unused portion of the borrowing base of the new revolving credit facility, based on the defined total debt-to-capitalization ratio. For additional information with respect to our revolving credit facility, our 2020 senior notes, our 2021 senior notes and our 2019 convertible senior notes, please refer to Note 5 of our consolidated financial statements included herein.

The credit agreement governing the revolving credit facility and the indentures governing our 2020 and 2021 senior notes impose certain operating and financial restrictions on us. Such restrictions affect, and in many cases limit or prohibit, among other things, our ability to incur additional indebtedness, make capital expenditures, redeem equity, create liens, sell assets and make dividend or other restricted payments. Based on our financial ratios for the three months ended March 31, 2015, the full amount of the undrawn borrowing base under our revolving credit facility is available to us for all uses of proceeds, including working capital, if necessary. For the three months ended March 31, 2015, we were in compliance with all of our debt covenants. We continuously review our debt covenants and report to our lenders our compliance with financial ratios on a quarterly basis. We also consider such covenants in evaluating transactions that will have an effect on our financial ratios.

### **Capital Expenditures and Related Commitments**

The following table sets forth the amounts incurred for our fifth OSV newbuild program, before construction period interest, during the three months ended March 31, 2015 and since such program's inception, respectively, as well as the estimated total project costs for our current expansion program (in millions):

	Three Months Ended March 31, 2015	Incurred Since Inception	Estimated Program Totals (1)	Projected Delivery Dates (1)
<b>Growth Capital Expenditures:</b>				
OSV newbuild program #5 (2)	\$ 47.8	\$ 1,080.2	\$ 1,265.0	2Q2013-4Q2016

- (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, without limitation, 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 program represent estimated cash outlays and do not include any allocation of capitalized construction period interest. Projected delivery dates correspond to the first and last vessels that are contracted with shipyards for construction and delivery under our currently active program, respectively.
- (2) Our fifth OSV newbuild program consists of vessel construction contracts with three domestic shipyards to build four 300 class OSVs, five 310 class OSVs, ten 320 class OSVs and five 310 class MPSVs. As of March 31, 2015, we had placed 16 vessels in service under such program. The remaining eight vessels under this 24-vessel domestic newbuild program are currently expected to be placed in service as follows: five during the remainder of 2015 and three during 2016.

The following table summarizes the costs incurred, prior to the allocation of construction period interest, for maintenance and other capital expenditures, for the three months ended March 31, 2015 and 2014, respectively, and a forecast for fiscal 2015 (in millions):

	Three Months Ended March 31,		Year Ended December 31,
	2015	2014	2015
	Actual	Actual	Forecast
<b>Maintenance and Other Capital Expenditures:</b>			
<i>Maintenance Capital Expenditures</i>			
Deferred drydocking charges (1)	\$ 2.6	\$ 9.9	\$ 15.7
Other vessel capital improvements (2)	2.2	7.1	3.6
	<u>4.8</u>	<u>17.0</u>	<u>19.3</u>
<i>Other Capital Expenditures</i>			
200 class OSV retrofit program	—	0.1	—
Commercial-related vessel improvements (3)	19.6	7.4	32.2
Miscellaneous non-vessel additions (4)	4.4	0.6	30.3
	<u>24.0</u>	<u>8.1</u>	<u>62.5</u>
<b>Total</b>	<b>\$ 28.8</b>	<b>\$ 25.1</b>	<b>\$ 81.8</b>

(1) Deferred drydocking charges for 2015 include the projected recertification costs for seven OSVs.

(2) Other vessel capital improvements include costs for discretionary vessel enhancements, which are typically incurred during a planned drydocking event to meet customer specifications.

(3) Commercial-related vessel improvements include items, such as the addition of cranes, ROVs, helidecks, living quarters and other specialized vessel equipment; the modification of vessel capacities or capabilities, such as DP upgrades and mid-body extensions, which costs are typically included in and offset, in whole or in part, by higher dayrates charged to customers.

(4) Non-vessel capital expenditures are primarily related to information technology and shoreside support initiatives.

## Forward Looking Statements

This Quarterly Report on Form 10-Q contains “forward-looking statements,” as contemplated by the Private Securities Litigation Reform Act of 1995, in which the Company discusses factors it believes may affect its performance in the future. Forward-looking statements are all statements other than historical facts, such as statements regarding assumptions, expectations, beliefs and projections about future events or conditions. You can generally identify forward-looking statements by the appearance in such a statement of words like “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “intend,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “remain,” “should,” “will” or other comparable words or the negative of such words. The accuracy of the Company’s assumptions, expectations, beliefs and projections depends on events or conditions that change over time and are thus susceptible to change based on actual experience, new developments and known and unknown risks. The Company gives no assurance that the forward-looking statements will prove to be correct and does not undertake any duty to update them. The Company’s actual future results might differ from the forward-looking statements made in this Quarterly Report on Form 10-Q for a variety of reasons, including significant and sustained or additional declines in oil and natural gas prices; a sustained weakening of demand for the Company’s services; unplanned customer suspensions, cancellations, rate reductions or non-renewals of vessel charters or failures to finalize commitments to charter vessels; further reductions in capital spending budgets by customers; the inability to accurately predict vessel utilization levels and dayrates; fewer than anticipated deepwater and ultra-deepwater drilling units operating in the GoM or other regions where the Company operates; the effect of inconsistency by the United States government in the pace of issuing drilling permits and plan approvals in the GoM or other drilling regions; the Company’s inability to successfully complete the remainder of its current vessel newbuild program on-time and on-budget, which involves the construction and integration of highly complex vessels and systems; the inability to successfully market the vessels that the Company owns, is constructing, or might acquire; the inability of the Company to complete a sale to the U.S. Navy of one additional vessel or the government’s cancellation or non-renewal of the operations and maintenance contracts for vessels; an oil spill or other significant event in the United States or another offshore drilling region that could have a broad impact on deepwater and other offshore energy exploration and production activities, such as the suspension of activities or significant regulatory responses; the imposition of laws or regulations that result in reduced exploration and production activities or that increase the Company’s operating costs or operating requirements; environmental litigation that impacts customer plans or projects; disputes with customers; bureaucratic, administrative or operating barriers that delay vessels chartered in foreign markets from going on-hire or result in contractual penalties or deductions imposed by foreign customers; industry risks; the impact stemming from the reduction of Petrobras’ announced plans for or administrative barriers to exploration and production activities in Brazil; less than expected growth in Mexican offshore activities; age restrictions imposed on our vessels by PEMEX; unanticipated difficulty in effectively competing in or operating in international markets; less than anticipated subsea infrastructure and field development demand in the GoM and other markets; the level of fleet additions by the Company and its competitors that could result in over capacity in the markets in which the Company competes; economic and political risks; weather-related risks; the shortage of or the inability to attract and retain qualified personnel, as needed, including vessel personnel for active, and newly constructed vessels; regulatory risks; the repeal or administrative weakening of the Jones Act or changes in the interpretation of the Jones Act related to the U.S. citizenship qualification; drydocking delays and cost overruns and related risks; vessel accidents, pollution incidents or other events resulting in lost revenue, fines, penalties or other expenses that are unrecoverable from insurance policies or other third parties; unexpected litigation and insurance expenses; or fluctuations in foreign currency valuations compared to the U.S. dollar and risks associated with expanded foreign operations, such as non-compliance with or the unanticipated effect of tax laws, customs laws, immigration laws, or other legislation that result in higher than anticipated tax rates or other costs or the inability to repatriate foreign-sourced earnings and profits. In a

dition, the Company's future results may be impacted by adverse economic conditions, such as inflation, deflation, or lack of liquidity in the capital markets, that may negatively affect it or parties with whom it does business resulting in their non-payment or inability to perform obligations owed to the Company, such as the failure of customers to fulfill their contractual obligations or the failure by individual banks to provide funding under the Company's credit agreement, if required. Further, the Company can give no assurance regarding when and to what extent it will effect share repurchases. Should one or more of the foregoing risks or uncertainties materialize in a way that negatively impacts the Company, or should the Company's underlying assumptions prove incorrect, the Company's actual results may vary materially from those anticipated in its forward-looking statements, and its business, financial condition and results of operations could be materially and adversely affected. Additional factors that you should consider are set forth in detail in the "Risk Factors" section of the Company's most recent Annual Report on Form 10-K as well as other filings the Company has made and will make with the Securities and Exchange Commission which, after their filing, can be found on the Company's website, [www.hornbeckoffshore.com](http://www.hornbeckoffshore.com).

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

There have been no material changes to the market risk disclosures set forth in Item 7A in our Annual Report on Form 10-K for the year ended December 31, 2014.

### **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, 2015 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, 2014.

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

None.

## **Item 3—Defaults Upon Senior Securities**

None.

## **Item 4—Mine Safety Disclosures**

None.

## **Item 5—Other Information**

### **Amended and Restated Indemnification Agreement**

On May 7, 2015, the Company entered into an Amended and Restated Indemnification Agreement, or the Restated Indemnification Agreement, with Larry D. Hornbeck, one of our directors, Joan M. Hornbeck and Hornbeck Family Ranch, LP, which amended and restated a prior indemnification agreement. The Restated Indemnification Agreement provides for indemnification by the Company of such parties as well as certain other indemnitees, including the Company's Chairman, President and Chief Executive Officer, Todd M. Hornbeck, for any claims, demands, causes of action and damages that may arise out of the Company's current and expanded use of the Hornbeck Family Ranch and related facilities and premises for Company functions such as client and vendor events, management retreats, Board of Director meetings and special Company promotional events. The Restated Indemnification Agreement also provides that the Company shall secure and maintain insurance coverage of the types and amounts sufficient to provide adequate protection against the liabilities that may arise under the Restated Indemnification Agreement. The Restated Indemnification Agreement was approved by the independent members of the Board of Directors on April 28, 2015. A copy of the Restated Indemnification Amendment is attached hereto as Exhibit 10.1.

### **Glossary of Terms Currently Used in Our SEC Filings**

"2019 convertible senior notes" means 1.500% convertible senior notes due 2019;

"2020 senior notes" means 5.875% senior notes due 2020;

"2021 senior notes" means 5.000% senior notes due 2021;

"AHTS" means anchor-handling towing supply;

"ASC" means Financial Accounting Standards Board Accounting Standards Codification;

"average dayrate" means, when referring to OSVs or MPSVs, 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 or MPSVs, as applicable, generated revenue. For purposes of vessel brokerage arrangements, this calculation excludes that portion of revenue that is equal to the cost of in-chartering third-party equipment paid by customers;

"BOEM" means the Bureau of Ocean Energy Management;

"BSEE" means the Bureau of Safety and Environmental Enforcement;

"cabotage laws" means laws pertaining to the privilege of operating vessels in the navigable waters of a nation;

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

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

“deepwater” means offshore areas, generally 1,000’ to 5,000’ in depth;

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

“deep-well” means a well drilled to a true vertical depth of 15,000’ or greater, regardless of whether the well was drilled in the shallow water of the Outer Continental Shelf or in the deepwater or ultra-deepwater;

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

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

“DP-1”, “DP-2” and “DP-3” mean various classifications of dynamic positioning systems on new generation vessels to automatically maintain a vessel’s position and heading through anchor-less station-keeping;

“DWT” means deadweight tons;

“effective dayrate” means the average dayrate multiplied by the average utilization rate;

“EIA” means the U.S. Energy Information Administration;

“EPA” means United States Environmental Protection Agency;

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

“GAAP” means United States generally accepted accounting principles;

“GoM” means the U.S. Gulf of Mexico;

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

“IHS-CERA” means the division of IHS Inc. focused on providing knowledge and independent analysis on energy markets, geopolitics, industry trends and strategy;

“IHS-Petrodata” means the division of IHS Inc. focused on providing data, information, and market intelligence to the offshore energy industry;

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

“Jones Act” means the U.S. cabotage laws known as the Merchant Marine Act of 1920, as amended;

“Jones Act-qualified” means, when referring to a vessel, a U.S.-flagged vessel qualified to engage in domestic coastwise trade under the Jones Act;

“long-term contract” means a time charter of one year or longer in duration at inception;

“Macondo” means the well site location in the deepwater GoM where the *Deepwater Horizon* incident occurred as well as such incident itself;

“MPSV” means a multi-purpose support vessel;

“MSRC” means the Marine Spill Response Corporation;

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

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

“PEMEX” means Petroleos Mexicanos;

“Petrobras” means Petroleo Brasileiro S.A.;

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

“ROV” means a remotely operated vehicle; and

“ultra-deepwater” means offshore areas, generally more than 5,000’ in depth.

**Item 6—Exhibits****Exhibit Index**

<b>Exhibit Number</b>	<b>Description of Exhibit</b>
**2.1	— Asset Purchase Agreement dated as of July 22, 2013, between Hornbeck Offshore Transportation, LLC and Genesis Marine, LLC (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed July 25, 2013).
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	— 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).
3.3	— Amendment No. 1 to Fourth Restated Bylaws of the Company adopted June 21, 2012 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed June 27, 2012).
3.4	— Amended and Restated Certificate of Designation of Series A Junior Participating Preferred Stock filed with the Secretary of State of the State of Delaware on July 2, 2013 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed July 3, 2013).
4.1	— Specimen stock certificates for the Company's common stock, \$0.01 par value (for U.S. citizens and non-U.S. citizens) (incorporated by reference to Exhibit 4.4 to the Company's Form 8-A/A filed July 3, 2013, Registration No. 001-32108).
4.2	— Indenture, dated March 16, 2012 among Hornbeck Offshore Services, Inc., as issuer, the guarantors party thereto and Wells Fargo Bank, National Association, as trustee (including form of 5.875% Senior Notes due 2020) (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed March 21, 2012).
4.3	— Indenture dated as of August 13, 2012 by and among Hornbeck Offshore Services, Inc., the guarantors named therein, and Wells Fargo Bank, National Association, as Trustee (including form of 1.500% Convertible Senior Notes due 2019) (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on August 13, 2012).
4.4	— Confirmation of Base Call Option Transaction dated as of August 7, 2012 by and between Hornbeck Offshore Services, Inc. and Barclays Bank PLC (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on August 13, 2012).
4.5	— Confirmation of Base Call Option Transaction dated as of August 7, 2012 by and between Hornbeck Offshore Services, Inc. and JPMorgan Chase Bank, National Association, London Branch (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on August 13, 2012).
4.6	— Confirmation of Base Call Option Transaction dated as of August 7, 2012 by and between Hornbeck Offshore Services, Inc. and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed on August 13, 2012).
4.7	— Confirmation of Additional Base Call Option Transaction dated as of August 8, 2012 by and between Hornbeck Offshore Services, Inc. and Barclays Bank PLC (incorporated by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on August 13, 2012).

Exhibit Number	Description of Exhibit
4.8	— Confirmation of Additional Base Call Option Transaction dated as of August 8, 2012 by and between Hornbeck Offshore Services, Inc. and JPMorgan Chase Bank, National Association, London Branch (incorporated by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed on August 13, 2012).
4.9	— Confirmation of Additional Base Call Option Transaction dated as of August 8, 2012 by and between Hornbeck Offshore Services, Inc. and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.7 to the Company's Current Report on Form 8-K filed on August 13, 2012).
4.10	— Confirmation of Base Warrant dated as of August 7, 2012 by and between Hornbeck Offshore Services, Inc. and Barclays Bank PLC (incorporated by reference to Exhibit 4.8 to the Company's Current Report on Form 8-K filed on August 13, 2012).
4.11	— Confirmation of Base Warrant dated as of August 7, 2012 by and between Hornbeck Offshore Services, Inc. and JPMorgan Chase Bank, National Association, London Branch (incorporated by reference to Exhibit 4.9 to the Company's Current Report on Form 8-K filed on August 13, 2012).
4.12	— Confirmation of Base Warrant dated as of August 7, 2012 by and between Hornbeck Offshore Services, Inc. and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.10 to the Company's Current Report on Form 8-K filed on August 13, 2012).
4.13	— Confirmation of Additional Warrants dated as of August 8, 2012 by and between Hornbeck Offshore Services, Inc. and Barclays Bank PLC (incorporated by reference to Exhibit 4.11 to the Company's Current Report on Form 8-K filed on August 13, 2012).
4.14	— Confirmation of Additional Warrants dated as of August 8, 2012 by and between Hornbeck Offshore Services, Inc. and JPMorgan Chase Bank, National Association, London Branch (incorporated by reference to Exhibit 4.12 to the Company's Current Report on Form 8-K filed on August 13, 2012).
4.15	— Confirmation of Additional Warrants dated as of August 8, 2012 by and between Hornbeck Offshore Services, Inc. and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.13 to the Company's Current Report on Form 8-K filed on August 13, 2012).
4.16	— Indenture governing the 5.000% Notes, dated March 28, 2013 among Hornbeck Offshore Services, Inc., as issuer, the guarantors party thereto and Wells Fargo Bank, National Association, as trustee (including form of 5.000% Senior Notes due 2021) (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on March 28, 2013).
4.17	— Rights Agreement dated as of July 1, 2013 between Hornbeck Offshore Services, Inc. and Computershare Inc., as Rights Agent, which includes as Exhibit A the Amended and Restated Certificate of Designation of Series A Preferred Stock, as Exhibit B the form of Right Certificate and as Exhibit C the form of Summary of Rights to Purchase Shares (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed July 3, 2013).
*10.1	— Amended and Restated Indemnification Agreement effective as of May 7, 2015 by and among the Company, Hornbeck Family Ranch, LP, Larry D. Hornbeck and Joan M. Hornbeck.

Exhibit Number	Description of Exhibit
10.2	— Second Amended and Restated Credit Agreement dated as of February 6, 2015 by and among the Company and one of its subsidiaries, Hornbeck Offshore Services, LLC, each of the lenders and guarantors signatory thereto, and Wells Fargo Bank, National Association, as administrative agent for the lenders (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 12, 2015).
10.3	— Second Amended and Restated Guaranty and Collateral Agreement dated as of February 6, 2015 by and among the Company, one of its subsidiaries, Hornbeck Offshore Services, LLC, each of the guarantors signatory thereto, and Wells Fargo Bank, National Association, as administrative agent for the lenders (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 12, 2015).
*31.1	— Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*31.2	— Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*32.1	— Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*32.2	— Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*101	— Interactive Data File

**\* Filed herewith.**

**\*\* Schedules and exhibits to this agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company hereby undertakes to furnish supplementally a copy of any of the omitted schedules or exhibits to the Securities and Exchange Commission upon request**

**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 8, 2015

*/s/* JAMES O. HARP, JR.

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

AMENDED AND RESTATED INDEMNIFICATION AGREEMENT

This Amended and Restated Indemnification Agreement ("Agreement") is made effective as of the 7th day of May, 2015 (the "Effective Date"), by and among Hornbeck Offshore Services, Inc., a Delaware corporation (the "Company"), Hornbeck Family Ranch, LP, a Texas limited partnership (the "Partnership"), Larry D. Hornbeck ("LDH") and Joan M. Hornbeck ("JMH"). Hereinafter, the parties to this Agreement may also be referred to individually as a "Party" and collectively as the "Parties."

WHEREAS, LDH and the Company entered into that certain Indemnification Agreement effective as of May 5, 2003 (the "Original Indemnification Agreement"), as amended by that certain First Amendment effective as of February 17, 2004 (the "First Amendment") and that certain Second Amendment effective as of February 14, 2006 (the "Second Amendment," and together with the Original Indemnification Agreement and the First Amendment, the "Original Amended Indemnification Agreement"), whereby the Company agreed to indemnify LDH and LDH's agents, representatives, employees, heirs, family members, invitees, successors and assigns with respect to the Company's use of approximately 4,000 acres of real property, more or less, situated in Houston County, Texas together with any lands, buildings, improvements, roadways, rivers, streams or lakes adjacent to or providing access to any such real property (the "Original Premises");

WHEREAS, in connection with the Second Amendment, LDH and the Company entered into that certain Facilities Use Agreement effective as of January 1, 2006 (the "Facilities Use Agreement"), whereby LDH formalized the agreement to make the Original Premises available to the Company;

WHEREAS, as memorialized in that certain Memorandum of Sale dated October 23, 2006, LDH and JMH sold to the Partnership a portion of the Original Premises comprised of approximately 3,464.744 acres with improvements thereon (the "Transferred Acreage"), as more particularly described on Exhibit "A," with its accompanying Exhibits "A-1" and "A-2," attached hereto and incorporated herein by reference, with any remaining portion of the Original Premises that was not part of the Transferred Acreage to be referred to herein as the "Remaining Premises";

WHEREAS, effective as of October 23, 2006, the Company, LDH and the Partnership entered into that certain Acknowledgement and Agreement, whereby the Company agreed, among other things, to extend the indemnification provided by the Original Amended Indemnification Agreement to JMH, the Partnership, the Partnership's general partners and limited partners and the members or trustees of such general and limited partners and any officer, director or employee of the Partnership or any such general or limited partners or trustees;

WHEREAS, effective as of October 23, 2009, the Partnership, LDH and JMH entered into that certain Management and Land Development Lease Agreement (the "Lease Agreement"), whereby the Partnership agreed to lease to LDH and JMH 3,586 acres of real property, more or less, together with all property contributed to or otherwise acquired by the Partnership which are contiguous to or in conjunction with such 3,586 acres of real property (collectively, the "Leased Premises");

WHEREAS, on November 22, 2011, the Partnership acquired approximately 725.976 acres of additional real property from Thurman L. Little, Trustee of the Mary T. Little Family Trust, Thurman L. Little, Trustee of the T.A. and M.T. Marital Trust Number 1 (one) and Thurman L. Little; A/K/A Thurman Lundy Little, as evidenced by the vesting deeds listed on Exhibit "B" (the "Additional 725.976 Acres");

WHEREAS, the Company continues to use real property owned by the Partnership and LDH and JMH, which real property consists of, without duplication, (i) the Leased Premises, (ii) any portion of the Transferred Acreage that is not part of the Leased Premises, if applicable, (iii) the Additional 725.976 Acres, (iv) the Remaining Premises, to the extent it has not been subsequently transferred to the Partnership, in which case any transferred portion is part of the Leased Premises and (v) for the avoidance of doubt, any additional real property owned by the Partnership or LDH and JMH as of the Effective Date adjacent to or in the vicinity of any of the foregoing (collectively, the "Premises");

WHEREAS, since the time the Original Amended Indemnification Agreement became effective, the Company's use of the Premises has expanded and the work necessary to maintain the Premises in a ready condition for the Company's use has become continuous; and

WHEREAS, the Parties desire to amend and restate the Original Amended Indemnification Agreement to reflect the current use of the Premises and other premises as more fully set forth herein.

NOW, THEREFORE, the Company, the Partnership, LDH and JMH hereby agree as follows:

1. Definitions.

- a. "Adjacent Premises" means any lands, roadways, rivers, streams or lakes adjacent to or providing access to the Premises, and any buildings or other improvements thereon, which specifically includes approximately 2,100 acres of real property that is adjacent to the Premises that is owned by LDH's brother, James R. Hornbeck.
- b. "After-Acquired Premises" means any real property acquired after the date hereof by any or all of the Partnership, LDH and JMH adjacent to or in the vicinity of the Premises, including any lands, roadways, rivers, streams or lakes adjacent to or providing access to such real property, and any buildings or other improvements thereon.
- c. "Company User" means the Company, its subsidiaries and their respective employees, officers, directors, stockholders, contractors, subcontractors at any tier, agents, vendors and potential or prospective vendors, clients and potential or prospective clients, invitees and any of their respective employees, and any other guests, invitees and family members of any of the foregoing.
- d. "Covered Premises" means the Fully Covered Premises and Partially Covered Premises.
- e. "Fully Covered Premises" means the Premises, the Adjacent Premises and any After-Acquired Premises, but excluding the Partially Covered Premises.

- f. “Indemnitees” means (i) LDH, JMH, Todd Hornbeck, Troy Hornbeck and James R. Hornbeck and each of their agents, representatives, employees, heirs, family members, invitees, successors and assigns; and (ii) the Partnership and each of the Partnership’s agents, representatives, employees, invitees, successors and assigns, its general and limited partners (including trusts and the beneficiaries of such trusts), the members of such general and limited partners, the trustees or beneficiaries of any trusts that are general or limited partners, any officer, director or employee of the Partnership or any such general or limited partners or trustees.
- g. “Partially Covered Premises” means the personal residence of LDH and JMH located on the Premises and the surrounding land forming part of its curtilage, including any other related improvements and buildings on such curtilage.
- h. “Timber and Cattle Activities” means any activities conducted on the Covered Premises related to (i) the felling and trimming of trees and the transportation of logs and (ii) the raising and transportation of livestock.

2. **INDEMNIFICATION.**

- a. **FULL INDEMNIFICATION.** THE COMPANY SHALL RELEASE, PROTECT, INDEMNIFY, DEFEND AND HOLD HARMLESS EACH INDEMNITEE FROM AND AGAINST ALL CLAIMS, DEMANDS, CAUSES OF ACTION AND DAMAGES WHATSOEVER, INCLUDING ATTORNEYS’ FEES (EACH A “CLAIM”), RELATING TO ANY ACCIDENT, INCIDENT OR OCCURRENCE, ARISING OUT OF, INCIDENTAL TO OR IN ANY WAY RESULTING FROM OR RELATED TO ANY AND ALL USES (EXCEPT TIMBER AND CATTLE ACTIVITIES) BY ANY PERSON OF, OR PRESENCE UPON, THE FULLY COVERED PREMISES, INCLUDING, BUT NOT LIMITED TO, HUNTING, FISHING, BOATING, HIKING, SOCIAL ACTIVITIES, AND RIDING ALL-TERRAIN VEHICLES, AND/OR TRAVEL TO AND FROM THE FULLY-COVERED PREMISES, AND IN EACH CASE THE FOREGOING RELEASE, DEFENSE, HOLD HARMLESS AND INDEMNITY OBLIGATIONS SHALL APPLY REGARDLESS OF CAUSE AND EVEN IF CAUSED BY THE SOLE, JOINT, COMPARATIVE, CONTRIBUTORY OR CONCURRENT NEGLIGENCE, GROSS NEGLIGENCE, FAULT, WILLFUL MISCONDUCT, STRICT LIABILITY OR PRODUCT LIABILITY OF ANY INDEMNITEE, OR BY THE UNSEAWORTHINESS OF ANY VESSEL OR THE UNAIRWORTHINESS OF ANY AIRCRAFT.
- b. **INDEMNIFICATION RELATED TO PARTIALLY COVERED PREMISES.** THE COMPANY SHALL RELEASE, PROTECT, INDEMNIFY, DEFEND AND HOLD HARMLESS EACH INDEMNITEE FROM AND AGAINST ALL CLAIMS RELATING TO ANY ACCIDENT, INCIDENT OR OCCURRENCE, ARISING OUT OF, INCIDENTAL TO OR IN ANY WAY RESULTING FROM OR RELATED TO:
  - i. ANY AND ALL USES BY ANY COMPANY USER OF, OR PRESENCE UPON, THE PARTIALLY COVERED PREMISES; AND
  - ii. THE TIMBER AND CATTLE ACTIVITIES TO THE EXTENT SUCH ACCIDENT, INCIDENT OR OCCURRENCE RELATES TO A COMPANY USER,

**AND IN EACH CASE, THE FOREGOING RELEASE, DEFENSE, HOLD HARMLESS AND INDEMNITY OBLIGATIONS SHALL APPLY REGARDLESS OF CAUSE AND EVEN IF CAUSED BY THE SOLE, JOINT, COMPARATIVE, CONTRIBUTORY OR CONCURRENT NEGLIGENCE, GROSS NEGLIGENCE, FAULT, WILLFUL MISCONDUCT, STRICT LIABILITY OR PRODUCT LIABILITY OF ANY INDEMNITEE, OR BY THE UNSEAWORTHINESS OF ANY VESSEL OR THE UNAIRWORTHINESS OF ANY AIRCRAFT.**

- c. LDH Authority. For the purpose of determining Company Use pursuant to Section 2b, the Parties acknowledge that LDH is an agent of the Company and there shall be a rebuttable presumption that his actions are taken on behalf of the Company and that his invitees and guests are considered Company Users.
- d. Assumption of Risk. Insofar as each Indemnitee is concerned, the Company, on behalf of itself and the other Company Users, assumes all risks and hazards in connection with the use by the Company Users of the Covered Premises and all improvements situated on the Covered Premises for any purpose, including, without limitation, those involved in traveling to and from the Covered Premises, and the Company hereby covenants and agrees for itself, its successors, and assigns, that the Company will not make any claim or institute any suit or action at law or in equity against an Indemnitee related to the use by the Company Users of the Covered Premises and all improvements situated on the Covered Premises for any purpose, including, without limitation, those involved in traveling to and from the Covered Premises.
- e. No Obligation to Maintain. The Indemnitees shall have no obligation to maintain or repair the Covered Premises or any part of the Covered Premises or improvements situated on the Covered Premises and shall have no liability for any injury resulting from any Indemnitee's failure to maintain or repair the Covered Premises or any such improvements.

3. Advancement of Expenses. Expenses (including medical and attorneys' fees for counsel of Indemnitee's choosing) incurred by any Indemnitee, in defending any claims, demands or causes of action referenced in Section 2 hereof shall be paid by the Company in advance of the final disposition of such action, suit or proceeding at the written request of an Indemnitee. Prompt payment shall be made of any request for an advance pursuant to this Section 3. Notwithstanding the foregoing or any other provision of this Agreement, an Indemnitee shall not be entitled to the advancement of expenses under this Agreement if a determination has been made by a judicial authority or governmental entity or agency or, absent such determination, any such authority, entity or agency has taken a position or issued any guidance stating, that the advancement of expenses to such Indemnitee in a manner similar to that contemplated in this Section 3 constitutes a personal loan in contravention of Section 402 of the Sarbanes-Oxley Act of 2002 or any similar law or regulation.

4. Enforcement of Rights. The right to indemnification or advances as provided by this Agreement shall be enforceable by an Indemnitee in any court of competent jurisdiction.

5. Choice of Law. This Agreement shall be governed by and its provisions construed in accordance with the laws of the State of Texas.

6. Notice/Cooperation by Indemnitee. Each Indemnitee shall give the Company notice in writing as soon as practicable of any claim made by or against such Indemnitee for which indemnification will or could be sought under this Agreement. Notice to the Company shall be directed to:

Hornbeck Offshore Services, Inc.  
Attention: Chief Executive Officer  
103 Northpark Blvd., Suite 300  
Covington, LA 70433

Notice shall be deemed received three (3) days after the date postmarked if sent by certified or registered mail, properly addressed. In addition, each Indemnitee shall give the Company such information and cooperation as it may reasonably require and as shall be within such Indemnitee's power.

7. Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original.

8. Successors and Assigns. This Agreement shall be binding upon the Company and its successors and assigns, and shall inure to the benefit of Indemnitees and Indemnitees' respective estates, heirs, legal representatives and assigns.

9. Insurance Policies. Company shall, and Indemnitees may, secure and maintain in full force and effect during the term of this Agreement insurance coverage of the types and amounts sufficient to provide adequate protection against the liabilities, including indemnification liabilities, that may arise under this Agreement. Specifically, the Parties agree to maintain in full force and effect during the term of this Agreement their respective insurance policies listed in Exhibit "C," attached hereto and incorporated herein by reference, or reasonably equivalent replacement policies. It is the intention of the Parties that insurance policies maintained by Company shall be primary and noncontributory to, and shall pay any insurance claims before, any insurance policies maintained by Indemnitees. Company shall cause all Indemnitees to be named as insureds or additional insureds under all insurance policies obtained in connection with this Section 9. Notwithstanding anything contained in this Agreement to the contrary, this Section 9 shall not be construed in any way to void or otherwise limit the indemnification obligations of Company assumed pursuant to this Agreement. It is expressly acknowledged by each Party that this Agreement does not pertain to a well for oil, gas, or water or to a mine for a mineral as set forth in Chapter 127 of the Texas Civil Practices and Remedies Code. Should it be judicially determined that monetary limits or scope of coverage of the insurances required under this Section 9 exceed the monetary limits or scope of coverage permitted under applicable law, the Parties agree that the insurance requirements shall automatically be amended to conform to the maximum monetary limits and scope of coverage permitted by such law.

10. Severability. If any provision of this Agreement shall be determined to be void or unenforceable, the scope of such void or unenforceable provision shall be deemed modified and diminished to the extent necessary to render such provision valid and enforceable. In any event, the validity or enforceability of any provision shall not affect any other provision of this Agreement, which shall be construed and enforced as if such void or unenforceable provision had not been included.

11. Entire Agreement. This Agreement contains the complete agreement among the Parties with respect to the subject matter contemplated herein and supersedes all prior agreements and understandings among the Parties with respect to such subject matter. Notwithstanding anything contained herein to the contrary, nothing herein shall be interpreted or construed so as to amend, supersede, terminate or otherwise affect in anyway the Facilities Use Agreement or the Lease Agreement and the Parties hereby acknowledge and agree that the Facilities Use Agreement and the Lease Agreement and all obligations thereunder shall remain in full force and effect in their entirety.

12. Third-Party Beneficiaries. Except for non-Parties named as Indemnitees, this Agreement shall not be construed to confer any benefit on any third party not a Party to in this Agreement, and shall not provide any rights to such third parties to enforce its provisions.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date set forth below but it is effective for all purposes as of the Effective Date stated above.

Hornbeck Offshore Services, Inc.  
By: /s/ Samuel A. Giberga  
Name: Samuel A. Giberga  
Executive Vice President, General  
Counsel and Chief Compliance  
Title: Officer

AGREED TO AND ACCEPTED:

/s/ Larry D. Hornbeck  
Larry D. Hornbeck  
/s/ Joan M. Hornbeck  
Joan M. Hornbeck

Hornbeck Family Ranch, LP  
By: HFR, LLC, General Partner  
By: /s/ Todd M. Hornbeck  
Name: Todd M. Hornbeck  
Title: CEO and President

## EXHIBIT A

Approximately 3,464.744 acres, more or less, situated in Houston County, Texas, in the Charles Richards Survey, A-866, the James Barnes Survey, A-167, the A. W. Morris Survey, A-741, the R. J. Camp Survey, A-1275, the Caroline E. Milon Survey, A-716, the Jose Mora Survey, A-711, the L. M. Plummer Survey, A-841, and the J. S. Thorn Survey, A-86, being all of the approximately 3,514.003 acres previously owned by Larry D. Hornbeck and wife, Joan Hornbeck, in Houston County, Texas, described in the twelve vesting deeds listed below:

	<i>Grantor of Vesting Deed</i>	<i>Date of Deed</i>	<i>Recording Information</i>	<i>Acreage</i>
1.	John Hyde, <i>et al.</i>	February 26, 1981	Volume 682, Page 670	234.70
2.	Barry A. Davidson, <i>et al.</i>	May 14, 1996	Volume 1056, Page 114	265.813
3.	Grady Paul Speer and wife, Jo Doris Speer	October 10, 1997	Volume 1088, Page 455	241.39
4.	James R. Groodrum, <i>et al.</i>	February 19, 1998	Volume 1096, Page 135	402.458
5.	State of Texas	March 16, 1998	Volume 1099, Page 457	180.80
6	Jewel Elmon Little, <i>et al.</i>	June 16, 2000	Volume 2000, Page 2235	243.3 <sup>1</sup> (net)
7.	Barry Davidson	August 10, 2000	Volume 2000, Page 2982	433.037
8.	William Leslie Sallee	February 10, 2001	Volume 2001, Page 690	81.1 <sup>2</sup> (net)
9	Harmon A. Adams	April 19, 2002	Volume 2002, Page 1435	236.16
10.	Amos Adams and Harmon A. Adams, Trustees	August 27, 2002	Volume 2002, Page 3560	2
11.	International Paper Realty Corporation	December 19, 2002	Volume 2002, Page 5184	1,177.275
12.	Gene Archie Stokes, <i>et al.</i>	February 25, 2005	Volume 2005, Page 849	15.97
			<b>Total</b>	3,514.003

<sup>1</sup> Being an undivided 75% of 324.4 acres (or 243.3 net acres)

<sup>2</sup> Being an undivided 25% interest of 324.4 acres (81.1 net acres)

**SAVE AND EXCEPT, however,** the 46.256 acre tract described on Exhibit A-1, and the 3.003 acre tract (and accompanying ingress/egress easement) described on Exhibit A-2.

**Exhibit A-1**

**Field Notes for 46.256 Acres  
JAS. BARNES SURVEY, A-167 (32.264 Ac.)  
JOSE MORA SURVEY, A-711 (13.992 Ac.)  
Houston County, Texas**

46.256 acres out of and a part of the JAS. BARNES SURVEY, A-167, and the JOSE MORA SURVEY, A-711 in Houston County, Texas, and being out of and a part of the Larry Hornbeck called 433.037 acres tract, recorded in Doc. No. 020982 of the Official Records of Houston County, Texas, which 46.256 acres more particularly described by metes and bounds as follows:

BEGINNING on a point in center of the Hydes Ferry Road for the North East corner of this tract and being in the North line of the said called 433.037 acres tract and being N 75° 39' 08" W 75.02 feet, S 84° 10' 42" W 97.65 feet, S 78° 33' 23" W 289.78 feet, S 76° 48' 24" W 154.27 feet and S 74° 56' 58" W 127.68 feet from the North East corner of the said original called 433.037 acres tract, set ½ inch iron rod for reference corner S 25° 59' 40" E 25.62 feet;

THENCE S 25° 59' 40" E 616.97 feet to a ½ inch iron rod set for corner in fence line;

THENCE along with a fence line as follows: S 36° 17' 21" W 76.02 feet, S 24° 55' 48" W 420.19 feet, and S 30° 02' 39" E 163.06 feet to a ½ inch iron rod found for corner, same being a North East corner of the now or formerly T.A. Little Living Trust called 90.0 acres tract;

THENCE S 36° 41' 52" W 866.87 feet to a ½ inch iron rod set for corner, same being in the North West line of the said Little called 90 acres tract;

THENCE along with a fence line for the South and West line of this tract as follows: N 52° 39' 45" W 165.09 feet, N 76° 29' 55" W 283.44 feet, N 11° 20' 57" W 122.07 feet, S 86° 47' 46" W 307.93 feet and N 12° 33' 38" W 1305.19 feet to corner in the center of said Hydes Ferry Road and the North line of the said 433.037 acres tract, set ½ inch iron rod for reference corner S 12° 33' 38" E 22.95 feet;

THENCE along with the center of said Road as follows: N 83° 18' 23" E 19.73 feet, N 85° 18' 18" E 269.68 feet, N 79° 41' 44" E 434.20 feet, N 77° 35' 12" E 106.28 feet, N 74° 20' 24" E 594.31 feet and N 74° 56' 58" E 19.35 feet to the place of beginning and containing 46.256 acres of land more or less, of which 0.665 acre is in said Road.

Surveyed October 2006

**Exhibit A-2**

**Field Notes for 3.003 Acres  
CHARLES RICHARDS SURVEY, A-866  
Houston County, Texas**

3.003 acres out of and a part of the CHARLES RICHARDS SURVEY, A-866 in Houston County, Texas, and being out of and a part of the same land described in a deed to Larry D. Hornbeck called 234.70 acres tract, described in a deed recorded in Vol. 1041, Page 326 of the Official Records of Houston County, Texas, which 3.003 acres more particularly described by metes and bounds as follows:

BEGINNING on the North East corner of this tract and being on or near the North East line of the said Larry D. Hornbeck called 234.70 acres tract, recorded in Vol. 1041, Page 326 of the Official Records of Houston County and being in a South West line of the Trinity River and also being N 82° 45' 00" W 425.00 feet and N 67° 24' 00" W 194.11 feet from the North East corner of the said called 234.70 acres tract, set ½ inch iron rod for reference corner S 38° 14' 30" W 35.75 feet;

THENCE S 38° 14' 30" W 249.92 feet to a ½ inch iron rod set for corner;

THENCE S 57° 00' 09" W 105.33 feet to a ½ inch iron rod set for corner;

THENCE S 69° 22' 03" W 242.00 feet to a ½ inch iron rod set for corner;

THENCE N 30° 00' 00" W 94.25 feet to a ½ inch iron rod set for corner;

THENCE N 28° 24' 59" E 451.56 feet to corner in the North East line of the said called 234.70 acres tract, and being in a South West line of the said Trinity River, set ½ inch iron rod for reference corner S 28° 24' 59" W 28.42 feet;

THENCE along with the South West line of the said Trinity River as follows: S 49° 30' 00" E 63.41 feet, N 89° 38' 00" E 186.11 feet, S 30° 47' 00" E 111.11 feet, and S 67° 24' 00" E 11.44 feet to the place of beginning and containing 3.003 acres of land more or less.

Surveyed October 2006.

together with an easement for ingress and egress to and from the aforesaid 3.003 acre tract and County Road 3495 (Hyde's Ferry Road), over and across the following route (i) the currently existing asphalt drive leading from the south boundary of the aforesaid 3.003 acre tract leading to the security gate at the private road (known as Hornbeck Lane), and then over and across (ii) said private road known as Hornbeck Lane, until it meets County Road 3495 (Hyde's Ferry Road).

**EXHIBIT B**

	<b><i>Grantor of Vesting Deed</i></b>	<b><i>Date of Deed</i></b>	<b><i>Recording Information</i></b>	<b><i>Acreage</i></b>
1.	Thurman L. Little, Trustee of the Mary T. Little Family Trust	November 22, 2011	Instrument No. 1107290	275.538 <sup>3</sup> (net)
2.	Thurman L. Little, Trustee of the T.A. & M.T. Marital Trust Number 1 (one)	November 22, 2011	Instrument No. 1107291	275.538 <sup>4</sup> (net)
3.	Thurman L. Little; A/K/A Thurman Lundy Little	November 22, 2011	Instrument No. 1107292	174.9
			<b><i>Total</i></b>	725.976

<sup>3</sup> Undivided 50% interest of 551.076 acres (275.538 net acres)

<sup>4</sup> Undivided 50% interest of 551.076 acres (275.538 net acres)

## EXHIBIT C

### Insurance Policies of the Company:

Commercial General Liability Policy No. PHPK1186921, effective from June 6, 2014 to June 6, 2015, with Philadelphia Indemnity Insurance Company.

Commercial Umbrella Liability Policy, No. PHUB462115, effective from June 6, 2014 to June 6, 2015, with Philadelphia Indemnity Insurance Company.

Commercial Excess Liability Policy No. NHA068289, effective from June 27, 2014 to June 6, 2015, with RSUI Indemnity Company.

### Insurance Policies of the Partnership

Commercial General Liability Policy No. 5054038, effective from October 17, 2014 to October 17, 2015, with Germania Insurance Company.

### Insurance Policies of LDH and JMH

Farm and Ranch Policy No. FO 0117392, effective from October 23, 2014 to October 23, 2015, with State Automobile Mutual Insurance Company.

Farm Umbrella Policy No. FXS 011740804, effective from October 23, 2014 to October 23, 2015, with State Automobile Mutual Insurance Company.

**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 8, 2015

/s/ Todd M. Hornbeck

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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 8, 2015

/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 ended March 31, 2015, 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.

Date: May 8, 2015

/s/ Todd M. Hornbeck

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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 ended March 31, 2015, 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.

Date: May 8, 2015

/s/ James O. Harp, Jr.

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James O. Harp, Jr.

Executive Vice President and Chief Financial Officer