



**Part II** Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Code Section 368(a)(1)(E), Code Section 358, and Treasury Regulation 1.358-2. See attached for more information.

Blank lined area for providing applicable Internal Revenue Code sections and subsections.

18 Can any resulting loss be recognized? ▶ See attached.

Blank lined area for providing information regarding resulting loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attached.

Blank lined area for providing other information necessary to implement the adjustment.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶  Date ▶ 10/15/2020

Print your name ▶ Mark S. Myrtue Title ▶ Treasurer and Corporate Secretary

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

**9. Classification and description:**

Pursuant to the Restructuring Transactions of Hornbeck Offshore Services, Inc. (the “Company”) the following debt instruments were exchanged for the following debt instruments, stock, and warrants: First Lien Claims, Second Lien Claims, 2020 Notes Claims, and 2021 Notes Claims were exchanged for New Equity, Jones Act Warrants, New Creditor Warrants, the Second Lien Credit Facility, and Subscription Rights.

The New Equity was issued in the form of either (a) New Equity offered in the form of common stock of the Company (the “Common Stock”) to the extent permitted under Jones Act restrictions, or (b) Jones Act Warrants to the extent that New Equity could not be issued to such Eligible Holder because of certain Jones Act restrictions. The New Equity (whether issued in the form of Common Stock or Jones Act Warrants) is referred to herein as the “New Equity.”

The Subscription Rights were issued in the form of either: First Lien Subscription Rights, Second Lien Subscription Rights, or Noteholder Subscription Rights, to purchase a pro rata share of, respectively: the First Lien Equity Rights Offering Amount, the Second Lien Equity Rights Offering Amount, or the Noteholder Equity Rights Offering Amount, pursuant to the Equity Rights Offering on the terms and conditions set forth in the Restructuring Support Agreement and the Equity Rights Offering Documents. The Subscription Rights are referred to hereinafter as either the “First Lien Subscription Rights,” when referring to those Subscription Rights received by Eligible Holders of First Lien Claims, or the “Subscription Rights” when referring collectively to the Second Lien Subscription Rights and Noteholder Subscription Rights received by Eligible Holders of Second Lien Claims, 2020 Notes Claims, and 2021 Notes Claims.

**14. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action:**

On September 4, 2020, pursuant to its Joint Prepackaged Chapter 11 Plan of Reorganization of Hornbeck Offshore Services, Inc., and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code (the “Plan”), Hornbeck Offshore Services, Inc. (the “Company”) and certain of its subsidiaries effectuated the below Restructuring Transactions (as defined in the Plan).

As part of the Restructuring Transactions, Eligible Holders of First Lien Claims received their pro rata shares of New Equity (in the form of Common Stock or Jones Act Warrants), First Lien Subscription Rights, the Second Lien Credit Facility, and for certain Holders, the Specified 2L Exit Fee, in exchange for their First Lien Claims in the Company.

Eligible Holders of Second Lien Claims, 2020 Notes Claims, and 2021 Notes Claims received their pro rata shares of New Equity, Subscription Rights, and New Creditor Warrants (together with the consideration listed above, the “Consideration”), in exchange for their Second Lien Claims, 2020 Notes Claims, and 2021 Notes Claims, respectively.

Such exchanges are referred herein collectively as the “Exchange.” This Form 8937 is with respect to the Exchange.

**15. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis:**

As a result of the Exchange, Eligible Holders of First Lien Claims will hold New Equity (either in the form of Common Stock or Jones Act Warrants), First Lien Subscription Rights, and the Second Lien Credit Facility, and for certain Holders, the Specified 2L Exit Fee, instead of First Lien Claims in the Company. Such Holder’s tax basis in the Consideration received should be equal to the tax basis of the First Lien Claim exchanged, allocated among each piece of such Consideration pro rata by relative fair market value.

Additionally, as a result of the Exchange, Eligible Holders of Second Lien Claims, 2020 Notes Claims, and 2021 Notes Claims will hold New Equity (in the form of Common Stock or Jones Act Warrants), Subscription Rights, and New Creditor Warrants, rather than Second Lien Claims, 2020 Notes Claims, or 2021 Notes Claims in the Company. Such Holder’s tax basis in the Consideration received should be equal to the tax basis of the Second Lien, 2020 Notes, or 2021 Notes Claim exchanged, allocated among each piece of Consideration such Holder received pro rata by relative fair market value.

**16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates:**

Each Eligible Holder of a First Lien Claim will receive a basis in the New Equity such Holder receives equal to the basis of such Holder’s First Lien Claim exchanged, allocated pro rata based on fair market value among the Consideration such Holder received.

Each Eligible Holder of a Second Lien Claim, 2020 Notes Claim, or 2021 Notes Claim will receive a basis in such Holder’s New Equity and New Creditor Warrants equal to such Holder’s basis in such Holder’s Second Lien Claim, 2020 Notes Claim, or 2021 Notes Claim exchanged, and allocated pro rata based on the relative fair market value of the Consideration such Holder received.

Fair market value generally is the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the facts. U.S. federal income tax law does not specifically prescribe how you should determine the fair market values of the Company Claims, but generally, parties rely on the “issue price” of a debt instrument to ascertain its fair market value and can rely on valuation methods based on the “enterprise value” of a Company to ascertain the fair market value of equity instruments.

You should consult your tax advisor to determine what measure of fair market value is appropriate. The Company has made an initial estimate as to the fair market value of the pieces of Consideration for purposes of the allocations below. However, Holders of the Consideration are not bound by the Company’s valuation.

### **(A) Holders of First Lien Claims**

Holders of First Lien Claims will receive New Equity (either in the form of Common Stock or Jones Act Warrants), First Lien Subscription Rights, and the Second Lien Credit Facility. Certain Holders will receive the 2L Exit Fee.

As stated above, a Holder of a First Lien Claim will receive a basis in the Consideration equal to the basis of such Holder's First Lien Claim exchanged, allocated pro rata based on the relative fair market value of the Consideration such Holder received.

As a result, a Holder of a First Lien Claim not receiving the 2L Exit Fee will receive a basis in the Consideration equal to the basis of the First Lien Claim such Holder exchanged, and allocated 10.52% to the New Equity, 0% to the First Lien Subscription Rights, and 89.48% to the Second Lien Credit Facility.

Holders of First Lien Claims receiving the 2L Exit Fee should consult their tax advisors as to the proper characterization of the treatment of such fee and the effects of such receipt on the other consequences discussed in this section.

### **(B) Holders of Second Lien Notes Claims**

Holders of Second Lien Claims will hold New Equity (either in the form of Common Stock or Jones Act Warrants), Subscription Rights, and New Creditor Warrants, rather than Second Lien Claims. A Holder of a Second Lien Claim will receive a basis in the Consideration equal to the basis of such Holder's Second Lien Claim exchanged, allocated pro rata based on the fair market value of the Consideration such Holder received. As a result, a Holder of a Second Lien Claim will have a basis in such Holder's new Consideration allocated 7.71% to the New Creditor Warrants, 0% to Subscription Rights, and 92.29% to the New Equity.

### **(C) Holders of 2020 Notes Claims**

Holders of 2020 Notes Claims will hold New Equity (in the form of Common Stock or Jones Act Warrants), Subscription Rights, and New Creditor Warrants, rather than 2020 Notes Claims. A Holder of a 2020 Notes Claim will receive basis in the Consideration such Holder receives equal to the basis of such Holder's 2020 Notes Claim exchanged, allocated pro rata based on the relative fair market value of the Consideration such Holder received. As a result, a Holder of a 2020 Notes Claim will have a basis in the new Consideration allocated 88.89% to the New Creditor Warrants, 0% to the Subscription Rights, and 11.11% to New Equity.

### **(D) Holders of 2021 Notes Claims**

Holders of 2021 Notes Claims will hold New Equity (in the form of Common Stock or Jones Act Warrants), Subscription Rights, and New Creditor Warrants, rather than 2021 Notes Claims. A Holder of a 2021 Notes Claim will receive a basis in the Consideration equal to the basis of such Holder's 2021 Notes Claim exchanged, allocated pro rata based on the fair market value of the

Consideration such Holder received. As a result, a Holder of a 2021 Notes Claim will have a basis in the new Consideration received allocated 88.89% to the New Creditor Warrants, 0% to the Subscription Rights, and 11.11% to New Equity.

**17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based:**

The Exchange should be treated as pursuant to a nontaxable recapitalization under Section 368(a)(1)(E) of the Internal Revenue Code of 1986, as amended (the “Code”). The allocation of tax basis is determined under Section 358 of the Code and Treasury Regulation § 1.358-2.

**18. Can any resulting loss be recognized:**

A Holder of the above-described Claims should recognize no loss in the transaction.

**19. Provide any other information necessary to implement the adjustment, such as the reportable tax year:**

The reportable taxable year for the Exchange is 2020.