

**UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF LOUISIANA**

THOMAS SCHEDLER, Individually and On Behalf of All Others Similarly Situated,)	
)	CIVIL ACTION NO.
)	
Plaintiff,)	
)	COMPLAINT – CLASS ACTION
vs.)	
)	
)	
HORNBECK OFFSHORE SERVICES, INC., TODD M. HORNBECK, and JAMES O. HARP, JR.,)	<u>JURY TRIAL DEMANDED</u>
)	
Defendants.)	

Plaintiff, Thomas Schedler (“Plaintiff”), alleges the following based upon the investigation by Plaintiff’s counsel, which included, among other things, a review of the Defendants’ public documents, conference calls and announcements made by Defendants, United States Securities and Exchange Commission (“SEC”) filings, wire and press releases published by and regarding Hornbeck Offshore Services, Inc. (“Hornbeck” or the “Company”), securities analysts’ reports and advisories about the Company, and information readily available on the Internet, and Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION AND OVERVIEW

1. This is a federal class action on behalf of purchasers of the common stock of Hornbeck between November 1, 2006 and January 10, 2007, inclusive (the “Class Period”), seeking to pursue remedies under the Securities Exchange Act of 1934 (the “Exchange Act”).

2. Hornbeck is a leading provider of technologically advanced, new generation offshore supply vessels serving the offshore oil and gas industry, primarily in the U.S. Gulf of Mexico (“GoM”) and select international markets. Hornbeck provides multiple services in the offshore fleet segment of the market, including offshore supply vessels (“OSV”), as well as tug and tank barges (“TTB”). Hornbeck is also a leading transporter of petroleum products through their tug and tank barge segment serving the energy industry.

3. The complaint alleges that, throughout the Class Period, Defendants failed to disclose material adverse facts about the Company’s financial well-being, business relationships, and prospects. Specifically, Defendants failed to disclose or indicate the following: (1) that the Company was experiencing increased volatility in its dayrate charges; (2) that contrary to earlier statements, the elevated level of dayrate charges would not continue through calendar year 2007; and (3) that, as a result of the foregoing, the Company’s statements about its financial well-being and future business prospects were lacking in any reasonable basis when made.

JURISDICTION AND VENUE

4. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act, (15 U.S.C. §§ 78j(b) and 78t(a)), and Rule 10b-5 promulgated thereunder (17 C.F.R. § 240.10b-5).

5. This Court has jurisdiction over the subject matter of this action pursuant to Section 27 of the Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1331.

6. Venue is proper in this Judicial District pursuant to Section 27 of the Exchange Act, 15 U.S.C. § 78aa and 28 U.S.C. § 1391(b). Many of the acts and transactions alleged herein, including the preparation and dissemination of materially false and misleading information, occurred in substantial part in this Judicial District.

7. In connection with the acts, conduct and other wrongs alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mails, interstate telephone communications and the facilities of the national securities exchange.

PARTIES

8. Plaintiff, Thomas Schedler, as set forth in the accompanying certification, incorporated by reference herein, purchased Hornbeck common stock at artificially inflated prices during the Class Period and has been damaged thereby.

9. Defendant Hornbeck Offshore Services, Inc. is a Delaware corporation with its principal place of business located at 103 Northpark Boulevard, Suite 300, Covington, Louisiana. Hornbeck trades on the New York Stock Exchange under the stock symbol “HOS.”

10. Defendant Todd M. Hornbeck (“T. Hornbeck”) was, at all relevant times, the Company’s Chairman of the Board, President, Secretary and Chief Executive Officer (“CEO”).

11. Defendant James O. Harp, Jr. (“Harp”) was, at all relevant times, the Executive Vice President and Chief Financial Officer (“CFO”).

12. Defendants T. Hornbeck and Harp are collectively referred to hereinafter as the “Individual Defendants.” The Individual Defendants, because of their positions with the Company, possessed the power and authority to control the contents of Hornbeck’s reports to the SEC, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, i.e., the market. Each Defendant was provided with copies of the Company’s reports and press releases alleged herein to be misleading prior to or shortly after their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information available to

them, each of these Defendants knew that the adverse facts specified herein had not been disclosed to and were being concealed from the public and that the positive representations which were being made were then materially false and misleading. The Individual Defendants are liable for the false statements pleaded herein, as those statements were each “group-published” information, the result of the collective actions of the Individual Defendants.

SUBSTANTIVE ALLEGATIONS

Background

13. Hornbeck is a leading provider of technologically advanced, new generation offshore supply vessels serving the offshore oil and gas industry, primarily in the Gulf of Mexico and select international markets. Hornbeck provides multiple services in the offshore fleet segment of the market, including OSV’s and TTB’s. Hornbeck is also a leading transporter of petroleum products through their tug and tank barge segment serving the energy industry.

14. Preceding and throughout the Class Period, the Company and Defendant T. Hornbeck made numerous statement and filings with the SEC concerning its projections, future operations, financial well-being and future business prospects. The numerous statements are reproduced herein in relevant part:

- **Statement of May 4, 2006 – “Hornbeck Offshore Announces First Quarter 2006 Results”**

First quarter revenues increased 61.2% to \$61.1 million compared to \$37.9 million for the first quarter of 2005. Operating income was \$24.5 million, or 40.2% of revenues, for the first quarter of 2006 compared to \$12.5 million, or 33.0% of revenues, for the prior-year quarter. **These results were driven by record dayrates in the U.S. Gulf of Mexico (GoM) for the Company’s offshore supply vessel (OSV) fleet** and a 60.6% increase in the average barrel-carrying capacity of the Hornbeck Offshore tug and tank barge (TTB) fleet.

* * *

Todd M. Hornbeck, the Company's Chairman, President and CEO, stated, "Our first quarter results reflect the continued expansion of dayrates in our OSV segment to historically high levels. We believe that demand for new generation vessels, driven by the increased offshore activity in the Gulf of Mexico, especially in deepwater regions, support a robust dayrate environment lasting through at least 2007.

* * *

OSV Segment. Revenues from the OSV segment were \$38.5 million for the first quarter of 2006, an increase of 61.8% from \$23.8 million for the same period in 2005. **This increase in revenues is the result of record dayrates in the GoM, the increase in demand for the Company's OSVs in non-oilfield related services, such as military applications, and the full-quarter contribution of two anchor-handling towing supply (AHTS) vessels that were acquired during the first quarter of 2005. The average OSV dayrate for the first quarter of 2006 improved 57.0%, or \$6,598 per day, to \$18,175 compared to \$11,577 for the same period in 2005.** The Company's OSV utilization rate was 90%, in-line with prior guidance, for the three months ended March 31, 2006, compared to 94.5% for the same period of 2005. The decrease in utilization from the prior-year quarter resulted from several vessels being out-of-service for unscheduled drydockings and in preparation for the commencement of long-term contracts. **Despite this reduction in utilization, the Company's effective, or utilization-adjusted, dayrate for the OSV segment increased 49.5% from the prior-year quarter.**

TTB Segment. Revenues from the TTB segment for the first quarter of 2006 were up 60.4% over the same period in 2005 to \$22.6 million. **Average TTB dayrates rose to \$14,771 compared to \$13,192 during the same period of 2005.** These increases in revenues and average dayrates were primarily related to the full-quarter contribution of all five new double-hulled tank barges that were delivered on various dates in 2005.

* * *

Second Quarter 2006 Guidance. The Company expects adjusted EBITDA for the second quarter of 2006 to range between \$37.0 million and \$39.0 million. ... The Company expects adjusted diluted earnings per share, or EPS, for the second quarter of 2006 to range between \$0.63 and \$0.68.

Calendar 2006 Guidance. In response to current market conditions, Hornbeck Offshore is raising its calendar 2006 adjusted EBITDA and adjusted EPS guidance. The Company now expects adjusted EBITDA for the full calendar year 2006 to range between \$145.0 million and \$150.0 million, an increase of \$15 million. Adjusted EPS for calendar 2006 is now expected to range between \$2.49 and \$2.60.

Calendar 2007 Guidance. Hornbeck Offshore has also raised its calendar 2007 guidance. The Company now expects adjusted EBITDA for the full calendar year 2007 to range between \$160.0 million and \$170.0 million, an increase of \$13.1 million. Adjusted EPS for calendar 2007 is now expected to range between \$2.70 and \$2.92.

Key Assumptions. The above guidance reflects management's belief that current favorable OSV and TTB market conditions will continue throughout the remainder of 2006 and all of calendar 2007. Fleetwide average OSV dayrates are expected to be above \$19,000 and fleetwide average OSV utilization is expected to average in the mid-90% range for the 2006 and 2007 guidance periods. Fleetwide average TTB dayrates are expected to remain above \$15,000 and fleetwide average TTB utilization is expected to average in the low-90% range for the 2006 and 2007 guidance periods. [Emphasis added.]

- **Statement of August 3, 2006 – “Hornbeck Offshore Announces Record Second Quarter 2006 Results”**

Second quarter revenues increased 72.0% to \$70.7 million compared to \$41.1 million for the second quarter of 2005. Operating income was \$32.4 million, or 45.8% of revenues, for the second quarter of 2006 compared to \$13.8 million, or 33.6% of revenues, for the prior-year quarter. **These results were driven by record dayrates in each of the Company's business segments** and a 45.3% increase in the average barrel-carrying capacity of the Hornbeck Offshore tug and tank barge (TTB) fleet.

* * *

We are very pleased with yet another quarter of record financial results, which were largely driven by our diversified business model. With both of our fleet segments ‘hitting on all cylinders,’ we continue to post industry-leading margins and returns on invested capital and have, again, significantly increased our annual 2006 and 2007 guidance. This quarter our new generation OSV fleet achieved 52% operating margins. More notably, our TTB fleet continued to experience the substantially higher operating margins that began three quarters ago, as planned when we embarked on our first newbuild program for that segment. With our TTB operating margin at 36% for the second quarter of 2006, up from the mid-teens historically, our TTB fleet has demonstrated its ability to produce operating margins that exceed not only those of our TTB peers, but even those of our OSV peers at a time when they are reporting record financial results. We believe that this is a function of our integrated business strategy and recent success in developing new value-added niche markets that utilize our downstream assets in non-traditional services to our upstream customers.

OSV Segment. Revenues from the OSV segment were \$44.2 million for the second quarter of 2006, an increase of 66.2% from \$26.6 million for the same period in 2005. **This increase in revenues is primarily due to record dayrates in the U.S. Gulf of Mexico (GoM) and diversification of the Company’s OSVs into non-oilfield related services, such as military applications. The average OSV dayrate for the second quarter of 2006 improved 56.3%, or \$6,957 per day, to \$19,321 compared to \$12,364 for the same period in 2005. Since OSV utilization remained consistent with year-ago levels at 96.6%, Hornbeck Offshore’s effective, or utilization-adjusted, dayrate for the OSV segment also increased 56.3% from the prior-year quarter.**

TTB Segment. Revenues from the TTB segment for the second quarter of 2006 were up 82.9% over the same period in 2005 to \$26.5 million. Average TTB dayrates rose to \$18,420 compared to \$12,673 during the same period of 2005. These increases in revenues and average dayrates were primarily related to the full-quarter contribution of four of the five new double-hulled tank barges that were delivered on various dates throughout 2005.

Revenues for the first six months of 2006 increased 66.8% to \$131.8 million compared to \$79.0 million for the same period in 2005. Operating income was \$56.9 million, or 43.2% of revenues, for the first six months of 2006 compared to \$26.3 million, or 33.3% of revenues, for the same period in 2005. Net income for the first six months of 2006 increased 170.0% to \$35.1 million, or \$1.27 per diluted share, compared to net income of \$13.0 million, or \$0.61 per diluted share, for the first six months of 2005. Excluding the impact of FAS 123R, adjusted net income for the six months ended June 30, 2006 was \$36.8 million, or \$1.33 per diluted share. The Company's first half results were positively impacted by the significant increase in dayrates for both business segments and the contribution of five newly constructed double-hulled tank barges that were delivered on various dates throughout 2005. The Company's net income for the first six months of 2005 included a \$1.7 million (\$1.1 million after tax or \$0.05 per share) loss on early extinguishment of debt related to the January 2005 redemption of the non-tendered 10.625% senior notes that were still outstanding as of December 31, 2004.

* * *

Third Quarter 2006 Guidance. The Company expects EBITDA for the third quarter of 2006 to range between \$40.0 million and \$42.0 million. Please refer to the attached data table and Note 8 for a definition and reconciliation of forward EBITDA guidance to its most directly comparable GAAP financial measure. The Company expects diluted earnings per share, or EPS, for the third quarter of 2006 to range between \$0.70 and \$0.75.

Calendar 2006 Guidance. In response to continued robust market conditions, Hornbeck Offshore is raising its calendar 2006 EBITDA and EPS guidance. The Company now expects EBITDA for the full calendar year 2006 to range between \$150.0 million and \$155.0 million, an increase of \$10.0 million from its prior 2006 EBITDA guidance range of \$139.9 million to \$144.9 million. EPS for calendar 2006 is now expected to range between \$2.60 and \$2.72.

Calendar 2007 Guidance. Hornbeck Offshore has also raised its calendar 2007 guidance. The Company now expects EBITDA for the full calendar year 2007 to range between \$160.0 million and \$170.0 million, an increase of nearly \$10.0 million from its prior 2007 EBITDA guidance range of \$151.4 million to \$161.4 million. EPS for calendar 2007 is now expected to range between \$2.72 and \$2.95.

Key Assumptions. The above guidance reflects management's belief that current favorable OSV and TTB market conditions will continue throughout the remainder of 2006 and all of calendar 2007. Fleetwide average OSV dayrates are expected to be in the \$19,000 to \$20,000 range and fleetwide OSV utilization is expected to average in the mid-90% range for the 2006 and 2007 guidance periods. Fleetwide TTB dayrates are expected to average above \$16,000 and fleetwide TTB utilization is expected to average in the low-90% range for the 2006 and 2007 guidance periods. [Emphasis added.]

- **SEC filing of September 9, 2006, in which Hornbeck announced that it had attended the Lehman Brothers CEO Energy / Power Conference:**

OSV Fundamentals Remain Strong. Gulf of Mexico (GoM) activity is expected to remain strong beyond 2007, with increased spending on planned deep-well projects and on-going, hurricane-induced repair work. **As a result, fleetwide average OSV dayrates continue to improve and are currently above \$20,000 per day.**

* * *

Hornbeck's average dayrates have roughly doubled since its March 2004 IPO to a current average of over \$20,000 at full practical utilization, with leading-edge spot dayrates running well above that level. With only 21% of its fleetwide available OSV days contracted next year, the Company expects to continue to be able to take advantage of the currently robust dayrate environment. [Emphasis added.]

**Materially False and Misleading
Statements Issued During the Class Period**

15. The Class Period begins on November 1, 2006. On this day, Hornbeck announced financial results for the Third Quarter of 2006 in a press release entitled “Hornbeck Offshore Announces Record Third Quarter 2006 Results.” The Company reported revenue of \$77.5 million, and EPS of \$0.86. Therein, the Company, in relevant part, stated:

Third quarter revenues increased 66.7% to \$77.5 million compared to \$46.5 million for the third quarter of 2005. Operating income was \$37.7 million, or 48.6% of revenues, for the third quarter of 2006 compared to \$16.8 million, or 36.1% of revenues, for the prior-year quarter. **These results were impacted by strong market-driven dayrates in each of the Company’s business segments and a 16% increase in the average barrel-carrying capacity of the Hornbeck Offshore tug and tank barge (TTB) fleet.**

* * *

OSV Segment. Revenues from the OSV segment were \$44.4 million for the third quarter of 2006, an increase of 41.9% from \$31.3 million for the same period in 2005. **This increase in revenues was primarily due to a continuation of record dayrates in the U.S. Gulf of Mexico (GoM) and diversification of the Company’s OSVs into non-oilfield related services. The average OSV dayrate for the third quarter of 2006 improved 51.4%, or \$7,012 per day, to \$20,650 compared to \$13,638 for the same period in 2005.** OSV utilization was 89.7% for the third quarter of 2006 compared to 98.7% during the same period in 2005. This decrease in utilization was primarily due to having 63 incremental days out of service for drydocking activity, including 36 days related to the strategic retrofit of one OSV for ROV subsea support services. However, **the Company’s effective, or utilization-adjusted, dayrate for the OSV segment was 37.6% higher than the year-ago quarter.** OSV operating income increased from \$15.6 million for the third quarter of 2005 to \$22.2 million this quarter, an increase of \$6.6 million, or 42.3%. **Current OSV operating margins of 50.0% were commensurate with the prior-year quarter, as dayrates have maintained pace with recent increases in operating costs.**

TTB Segment. Revenues from the TTB segment of \$33.1 million for the third quarter of 2006 were more than double TTB revenue for the same period in 2005 of \$15.1 million. **Average TTB dayrates rose to \$22,419 compared to \$12,809 during the same period of 2005. These increases in revenues and average dayrates were primarily related to higher market dayrates on TTB equipment** working in upstream services in the GoM, and to a lesser extent, the full quarter contribution of double-hulled tank barges delivered on various dates during the second half of 2005. Utilization in the TTB segment for the third quarter of 2006 was 94.1% compared to 83.9% in the prior-year quarter. This increase in utilization was primarily the result of a change in contract mix from contracts of affreightment (COAs) to time charters and a change in fleet mix from smaller, single-hulled barges to larger, double-hulled barges. TTB operating income increased from \$1.2 million for the third quarter of 2005 to \$15.5 million this quarter, an increase of \$14.3 million. TTB operating margins increased six-fold from 7.8% for the third quarter of 2005 to 46.8% this quarter. [Emphasis added.]

16. Recapping the financial information for the first nine months of 2006, the Company, in relevant part, stated:

Revenues for the first nine months of 2006 increased 66.9% to \$209.3 million compared to \$125.4 million for the same period in 2005. Operating income was \$94.6 million, or 45.2% of revenues, for the first nine months of 2006 compared to \$43.1 million, or 34.4% of revenues, for the same period in 2005. Net income for the first nine months of 2006 increased 163.8% to \$59.1 million, or \$2.13 per diluted share, compared to net income of \$22.4 million, or \$1.05 per diluted share, for the first nine months of 2005. Excluding the impact of FAS 123R, adjusted net income for the nine months ended September 30, 2006 was \$61.6 million, or \$2.22 per diluted share. **The Company's results for the first nine months of 2006 were positively impacted by the significant increase in dayrates for both business segments** and the contribution of five newly constructed double-hulled tank barges that were delivered on various dates throughout 2005. The Company's net income for the first nine months of 2005 included a \$1.7 million (\$1.1 million after tax or \$0.05 per share) loss on early extinguishment of debt related to the January 2005 redemption

of the non-tendered 10.625% senior notes that were still outstanding as of December 31, 2004. [Emphasis added.]

17. Additionally, the Company issued the following Earnings Outlook:

Fourth Quarter 2006 Guidance. The Company expects EBITDA for the fourth quarter of 2006 to range between \$39.0 million and \$41.0 million. Please refer to the attached data table and Note 8 for a definition and reconciliation of forward EBITDA guidance to its most directly comparable GAAP financial measure. The Company expects diluted earnings per share, or EPS, for the fourth quarter of 2006 to range between \$0.69 and \$0.74.

Updated Calendar 2006 Guidance. In recognition of its actual results for the first nine months of 2006 and its fourth quarter 2006 guidance above, the Company now expects total EBITDA for the full calendar year 2006 to range between \$157.0 million and \$159.0 million and diluted EPS is now expected to range between \$2.79 and \$2.84.

Calendar 2007 Guidance. Hornbeck Offshore reaffirms its prior calendar 2007 guidance. The Company expects EBITDA for the full calendar year 2007 to range between \$160.0 million and \$170.0 million. EPS for calendar 2007 is expected to range between \$2.75 and \$2.98.

Key Assumptions. The Company's forward earnings guidance, outlined above and in the attached data tables, reflects management's belief that current favorable OSV and TTB market conditions will continue throughout the remainder of 2006 and all of calendar 2007. Fleetwide average OSV dayrates are expected to be in the \$19,000 to \$20,000 range and fleetwide OSV utilization is expected to average in the low-90% range for the 2006 and 2007 guidance periods. Fleetwide average TTB dayrates are generally expected to be in the \$16,000 to \$18,000 range and fleetwide TTB utilization is expected to average in the low-90% range for the 2006 and 2007 guidance periods. [Emphasis added.]

18. On November 6 2006, Hornbeck filed its Quarterly Report with the SEC on Form 10-Q. The Company's Form 10-Q was signed by the Defendant Harp, and reaffirmed Hornbeck's financial results and projections previously announced on November 1, 2006.

Additionally, the 10-Q included the following the certifications, as required by the Sarbanes-Oxley Act of 2002, by Defendants T. Hornbeck and Harp:

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Hornbeck Offshore Services, Inc., a Delaware corporation (the “Company”), on Form 10-Q for the quarter ending September 30, 2006, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, [Todd M. Hornbeck, Chairman, President, Chief Executive Officer and Secretary of the Company / 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.

CERTIFICATION

I, [Todd M. Hornbeck / James O. Harp, Jr.], certify that:

1. I have reviewed this annual report on Form 10-K 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; and
 - 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.

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 the 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.

19. Also on November 6, 2006, just five days after announcing record setting profits for the second straight quarter, Hornbeck announcing that it intended to offer approximately \$200.0 million in convertible senior notes due 2026, through an offering to qualified institutional buyers. The Company, in relevant part, stated:

Hornbeck Offshore Services, Inc. (NYSE: HOS) announced today that it intends to offer, subject to market and other conditions, approximately \$200.0 million aggregate principal amount of convertible senior notes due 2026 through an offering within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"). The notes will be guaranteed by the same subsidiaries of Hornbeck Offshore that currently guarantee its existing 6.125% senior notes. In certain circumstances, the notes will be convertible into cash up to the principal amount and shares of Hornbeck Offshore's common stock for any conversion value above the principal amount or, upon the Company's election in certain circumstances prior to November 15, 2013, solely into shares of common stock. The interest rate, conversion price and other terms of the notes will be determined by negotiations between the Company and the initial purchasers of the notes. The Company also expects to grant the initial purchasers of the notes a 30-day option to

purchase up to \$30.0 million in principal amount of additional notes to cover over-allotments.

20. On November 8, 2006, Hornbeck announcing that it had increased its offering of convertible senior notes, from the original \$200.0 million to \$220.0 million. The Company, in relevant part, stated:

Hornbeck Offshore Services, Inc. (NYSE: HOS) today announced pricing of \$220.0 million aggregate principal amount of convertible senior notes due November 15, 2026 that were privately offered within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”). This represents a \$20.0 million increase from the aggregate transaction size announced November 6, 2006. The sale of the notes to the initial purchasers is expected to close on November 13, 2006, subject to customary closing conditions. Hornbeck Offshore has also granted the initial purchasers a 30-day option to purchase up to \$30.0 million in aggregate principal amount of additional notes to cover over-allotments.

21. On November 13, 2006, Hornbeck announced that it was raising its EPS projection for the Fourth Quarter of 2006, Calendar Year 2006, and Calendar Year 2007 in a statement entitled “EPS Guidance Increased to Reflect Expected Effect of Recent Financing Transactions.” Therein, the Company, in relevant part, stated:

In recognition of the closing of its convertible notes offering and concurrent transactions, including a repurchase of shares of its common stock, as well as the exercise of the full \$30.0 million over-allotment option by the initial purchasers of the notes, announced earlier today, **Hornbeck Offshore is upwardly revising its diluted earnings per share, or EPS, guidance range that was last reported on November 1, 2006.** EPS is expected to increase primarily due to the net effect of the following factors: (1) a reduction in the Company’s basic and diluted share count by approximately 1.8 million shares of common stock repurchased, (2) an increase in total debt of \$250.0 million, (3) a net increase in cash of \$155.6 million, (4) the favorable interest rate arbitrage created by the difference

between the 1.625% fixed-rate coupon on the convertible debt and the variable institutional money market rate of roughly 5.00% currently being earned by the Company on its invested cash deposits, (5) a lower amount of capitalized construction period interest resulting from the lower rate of interest expense and (6) a lower effective income tax rate. The combination of these factors are expected to result in immediate accretion to future earnings for the calendar 2006 and calendar 2007 guidance periods of roughly \$0.04 and \$0.30, respectively. **The Company now expects EPS for the fourth quarter of 2006 to range between \$0.72 and \$0.77, EPS for calendar 2006 to range between \$2.83 and \$2.88 and EPS for calendar 2007 to range between \$3.03 and \$3.29.** Please refer to the attached data table for further information. [Emphasis added.]

22. On November 13, 2006, Hornbeck announced the closing of its \$220 million convertible senior notes due on November 2026.

23. The statements contained in ¶¶ 15 – 18 and ¶ 21 were materially false and misleading when made because Defendants failed to disclose or indicate the following: (1) that the Company was experiencing increased volatility in its dayrate charges; (2) that contrary to earlier statements, the elevated level of dayrate charges would not continue through calendar year 2007; and (3) that, as a result of the foregoing, the Company's statements about its financial well-being and future business prospects were lacking in any reasonable basis when made.

The Truth Begins to Emerge

24. On January 10, 2007, Hornbeck shocked investors and the market when it issued a press release entitled "Hornbeck Offshore Lowers Guidance for Fourth Quarter 2006 and Updates Earning Guidance for Calendar 2006." Therein, the Company, in relevant part, stated:

Hornbeck Offshore Services, Inc. (NYSE:HOS) announced today that after an initial review of operating results, it has revised its EBITDA and diluted earnings per share (EPS) guidance for the fourth quarter of 2006 and calendar 2006.

The Company now expects EBITDA for the fourth quarter of 2006 to range between \$33.0 million and \$34.0 million, down

from \$39.0 million to \$41.0 million. Please refer to the attached data table and Note 1 for a definition and reconciliation of EBITDA guidance to its most directly comparable GAAP financial measure. The Company now expects EPS for the fourth quarter of 2006 to range between \$0.61 and \$0.63, down from \$0.72 to \$0.77. Included in fourth quarter 2006 results will be a \$1.5 million (\$1.0 million after-tax, or \$0.04 per diluted share) gain on the sale of the ocean-going tug, *Ponce Service*. In recognition of its actual results for the first nine months of 2006 and its revised fourth quarter 2006 guidance above, the Company now expects EBITDA for the full calendar year 2006 to range between \$151.3 million and \$152.3 million and EPS to range between \$2.74 and \$2.77.

Todd Hornbeck, Chairman, President and CEO, stated, “On our last earnings call, we reported that market conditions for offshore supply vessels (OSVs) operating in the U.S. Gulf of Mexico (GoM) were getting choppy. However, during the latter half of the fourth quarter we experienced even more volatility than we expected. While our average OSV dayrates for the fourth quarter of 2006 were near the mid-point of our guidance range of \$19,000 to \$20,000, utilization for the quarter averaged in the mid-80’s, resulting in utilization-adjusted, or effective, dayrates that were roughly \$2,000 less than comparable third quarter 2006 dayrates for this segment. This unexpected dip in utilization was partially due to softer market demand and partially attributable to shipyard delays for regulatory drydockings and unscheduled repairs, as well as downtime related to the positioning and outfitting of one of our offshore supply vessels for specialty service. In addition, our operating results for the fourth quarter of 2006 were adversely impacted by an unexpected supplemental insurance premium in late November and costs related to a series of vessel incidents and related repairs that occurred during late November and December.”

Mr. Hornbeck continued, “Over the last couple of months, we have observed several factors that have impacted our operating environment. OSV dayrate volatility has increased, shipyard delivery schedules for newbuilds and turnaround time for regulatory drydockings, repairs and maintenance remain uncertain and personnel and insurance costs continue to rise. From mid-November to mid-January, our utilization-adjusted, or effective, fleetwide OSV dayrates have fluctuated by as much as \$3,000. Continued labor and material shortages in the shipyard community have contributed to chronic delays in shipyard activity, which has adversely

affected our utilization and increased our recertification, repair and maintenance costs. In contemplation of the delivery of over 20 new vessels over the next several years, we continue to train additional mariners to ensure a qualified workforce to operate our rapidly growing fleet. While we still have much more data to analyze, we anticipate lowering our most recently reported calendar 2007 guidance on our fourth quarter 2006 earnings call in mid-February, possibly by as much as 15% to 20%. [Emphasis added.]

25. On this shocking news, shares of the Company's stock declined \$7.37, or 22 percent, to on January 11, 2007 the following day, at \$26.14 per share.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

26. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased the common stock of Hornbeck between November 1, 2006 and January 10, 2007, inclusive (the "Class Period") and who were damaged thereby. Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

27. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Hornbeck's common stock was actively traded on The New York Stock Exchange ("NYSE") under the stock symbol "HOS.". While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Hornbeck or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in

securities class actions.

28. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

29. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

30. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- a. whether the federal securities laws were violated by Defendants' acts as alleged herein;
- b. whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of Hornbeck; and
- c. to what extent the members of the Class have sustained damages and the proper measure of damages.

31. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

UNDISCLOSED ADVERSE FACTS

32. The market for Hornbeck's common stock was open, well-developed and efficient at all relevant times. As a result of these materially false and misleading statements and failures to disclose, Hornbeck's common stock traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired Hornbeck's common stock relying upon the integrity of the market price of Hornbeck's common stock and market information relating to Hornbeck, and have been damaged thereby.

33. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of Hornbeck's common stock, by publicly issuing false and misleading statements and omitting to disclose material facts necessary to make Defendants' statements, as set forth herein, not false and misleading. Said statements and omissions were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about the Company, its business and operations, as alleged herein.

34. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false or misleading statements about Hornbeck's business, prospects and operations. These material misstatements and omissions had the cause and effect of creating in the market an unrealistically positive assessment of Hornbeck and its business, prospects and operations, thus causing the Company's common stock to be overvalued and artificially inflated at all relevant times. Defendants' materially false and misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's common stock at artificially inflated prices,

thus causing the damages complained of herein.

LOSS CAUSATION

35. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the economic loss suffered by Plaintiff and the Class.

36. During the Class Period, Plaintiff and the Class purchased common stock of Hornbeck at artificially inflated prices and were damaged thereby. The price of Hornbeck's common stock significantly declined when the misrepresentations made to the market, and/or the information alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, causing investors' losses.

SCIENTER ALLEGATIONS

37. As alleged herein, Defendants acted with scienter in that Defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, Defendants, by virtue of their receipt of information reflecting the true facts regarding Hornbeck, their control over, and/or receipt and/or modification of Hornbeck's allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Hornbeck, participated in the fraudulent scheme alleged herein.

38. Defendants acted with additional scienter in that they knew that their false and misleading statements would keep the stock price artificially high, which would enable them to announce and close their note deal with superior results. Due to this increased value in the stock

price, Hornbeck was able to generate significantly superior amounts of capital through their note investment strategy, as opposed to if the stock was trading at the level that it would have had Defendants not made their false and misleading statements.

**Applicability of Presumption of Reliance:
Fraud On The Market Doctrine**

39. At all relevant times, the market for Hornbeck's common stock was an efficient market for the following reasons, among others:

- a. Hornbeck's stock met the requirements for listing, and was listed and actively traded on NYSE, a highly efficient and automated market;
- b. As a regulated issuer, Hornbeck filed periodic public reports with the SEC and NYSE;
- c. Hornbeck regularly communicated with public investors via established market communication mechanisms, including through regular disseminations of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and
- d. Hornbeck was followed by several securities analysts employed by major brokerage firms who wrote reports which were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

40. As a result of the foregoing, the market for Hornbeck's common stock promptly digested current information regarding Hornbeck from all publicly-available sources and reflected such information in Hornbeck's stock price. Under these circumstances, all purchasers

of Hornbeck common stock during the Class Period suffered similar injury through their purchase of Hornbeck common stock at artificially inflated prices and a presumption of reliance applies.

NO SAFE HARBOR

41. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this complaint. Many of the specific statements pleaded herein were not identified as “forward-looking statements” when made. To the extent there were any forward-looking statements, there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the extent that the statutory safe harbor does apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the particular speaker knew that the particular forward-looking statement was false, and/or the forward-looking statement was authorized and/or approved by an executive officer of Hornbeck who knew that those statements were false when made.

FIRST CLAIM **Violation of Section 10(b) of** **The Exchange Act and Rule 10b-5** **Promulgated Thereunder Against All Defendants**

42. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

43. During the Class Period, Defendants carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and

other members of the Class to purchase Hornbeck common stock at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each of them, took the actions set forth herein.

44. Defendants (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (c) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's common stock in an effort to maintain artificially high market prices for Hornbeck's common stock in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

45. Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about the business, operations and future prospects of Hornbeck as specified herein.

46. These Defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of Hornbeck's value and performance and continued substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and omitting to state material facts necessary in order to make the statements made about Hornbeck and its business operations and future prospects in light of the circumstances under which they were made, not misleading, as set forth more particularly herein, and engaged in transactions, practices and a course of

business which operated as a fraud and deceit upon the purchasers of Hornbeck common stock during the Class Period.

47. Each of the Individual Defendants' primary liability, and controlling person liability, arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these Defendants, by virtue of his responsibilities and activities as a senior officer and/or director of the Company was privy to and participated in the creation, development and reporting of the Company's internal budgets, plans, projections and/or reports; (iii) each of these Defendants enjoyed significant personal contact and familiarity with the other Defendants and was advised of and had access to other members of the Company's management team, internal reports and other data and information about the Company's finances, operations, and sales at all relevant times; and (iv) each of these Defendants was aware of the Company's dissemination of information to the investing public which they knew or recklessly disregarded was materially false and misleading.

48. The Defendants had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were available to them. Such Defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing Hornbeck's operating condition and future business prospects from the investing public and supporting the artificially inflated price of its common stock. As demonstrated by Defendants' overstatements and misstatements of the Company's business, operations and earnings throughout the Class Period, Defendants, if they did not have actual knowledge of the misrepresentations and omissions alleged, were reckless in failing to

obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

49. As a result of the dissemination of the materially false and misleading information and failure to disclose material facts, as set forth above, the market price of Hornbeck common stock was artificially inflated during the Class Period. In ignorance of the fact that market prices of Hornbeck's common stock were artificially inflated, and relying directly or indirectly on the false and misleading statements made by Defendants, or upon the integrity of the market in which the common stock trades, and/or in the absence of material adverse information that was known to or recklessly disregarded by Defendants, but not disclosed in public statements by Defendants during the Class Period, Plaintiff and the other members of the Class acquired Hornbeck's common stock during the Class Period at artificially high prices and were damaged thereby.

50. At the time of said misrepresentations and omissions, Plaintiff and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known the truth regarding the problems that Hornbeck was experiencing, which were not disclosed by Defendants, Plaintiff and other members of the Class would not have purchased or otherwise acquired their Hornbeck common stock, or, if they had acquired such common stock during the Class Period, they would not have done so at the artificially inflated prices which they paid.

51. By virtue of the foregoing, Defendants have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

52. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases

and sales of the Company's common stock during the Class Period.

SECOND CLAIM
Violation of Section 20(a) of
The Exchange Act Against the Individual Defendants

53. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

54. The Individual Defendants acted as controlling persons of Hornbeck within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions, and their ownership and contractual rights, participation in and/or awareness of the Company's operations and/or intimate knowledge of the false financial statements filed by the Company with the SEC and disseminated to the investing public, the Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading. The Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

55. In particular, each of these Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

56. As set forth above, Hornbeck and the Individual Defendants each violated Section 10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their

positions as controlling persons, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's common stock during the Class Period.

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

- a. Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure;
- b. Awarding compensatory damages in favor of Plaintiff and the other Class members against all Defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
- c. Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
- d. Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated:

Respectfully submitted,

By: _____

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