HERCULES Offshore

Deutsche Bank's
20th Annual Leveraged Finance Conference

October 9 – 11, 2012

Forward-looking Statements

The information and statements made in this presentation that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements include statements concerning estimated contract expiration dates, dayrates, estimated dates for completion of repairs and upgrades and commencement dates of new contracts, as well as information that may be affected by the continued delays in obtaining drilling permits in the Gulf of Mexico. Such statements are subject to a number of risks, uncertainties and assumptions, including without limitation, early termination by the customer pursuant to the contract or otherwise, cancellation or completion of certain contracts earlier than expected, our ability to renew or extend our long-term international contracts, or enter into new contracts, when such contracts expire, the potential inability of our customers to obtain drilling permits that would cover the entire duration of our contracts in the U.S. Gulf of Mexico or otherwise satisfy regulatory requirements that may be then in effect, operational difficulties, shipyard and other delays, government and regulatory actions and other factors described in the Company's annual report on Form 10-K and its most recent periodic reports and other documents filed with the Securities and Exchange Commission, which are available free of charge at the SEC's website at www.sec.gov or the company's website at www.herculesoffshore.com. The Company cautions you that forward-looking statements are not guarantees of future performance and that actual results or developments may differ materially from those projected or implied in these statements

HERCULES
Offshore

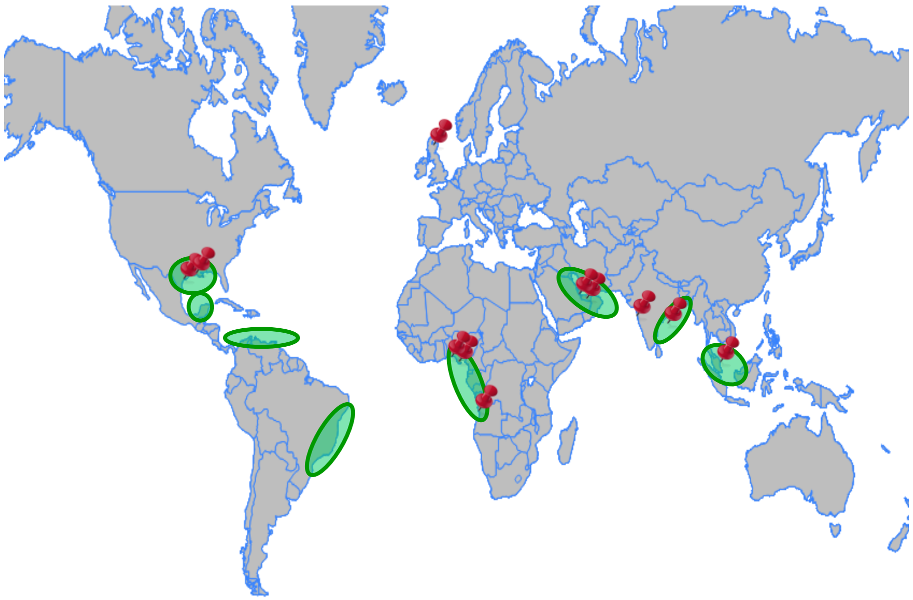
Overview

A Global Leader in Shallow Water Services

Overview

- Global leader in jackup drilling and liftboat services
  - 41 jackup rigs - fourth largest worldwide fleet
  - 63 liftboats - largest worldwide fleet
  - Operations in nine countries on three continents
  - 2,000+ worldwide employees
  - Listed on NASDAQ (ticker: HERO) with an enterprise value of ~ $1.5 billion
- Highly experienced senior management team
  - Over 250 years of combined drilling industry experience among senior management
  - Experience in all major jackup drilling regions worldwide
- Qualified contractor with major integrated oil companies and national oil companies

Worldwide Operations



Regions where Hercules Offshore rigs have operated

Hercules Offshore current shore base locations

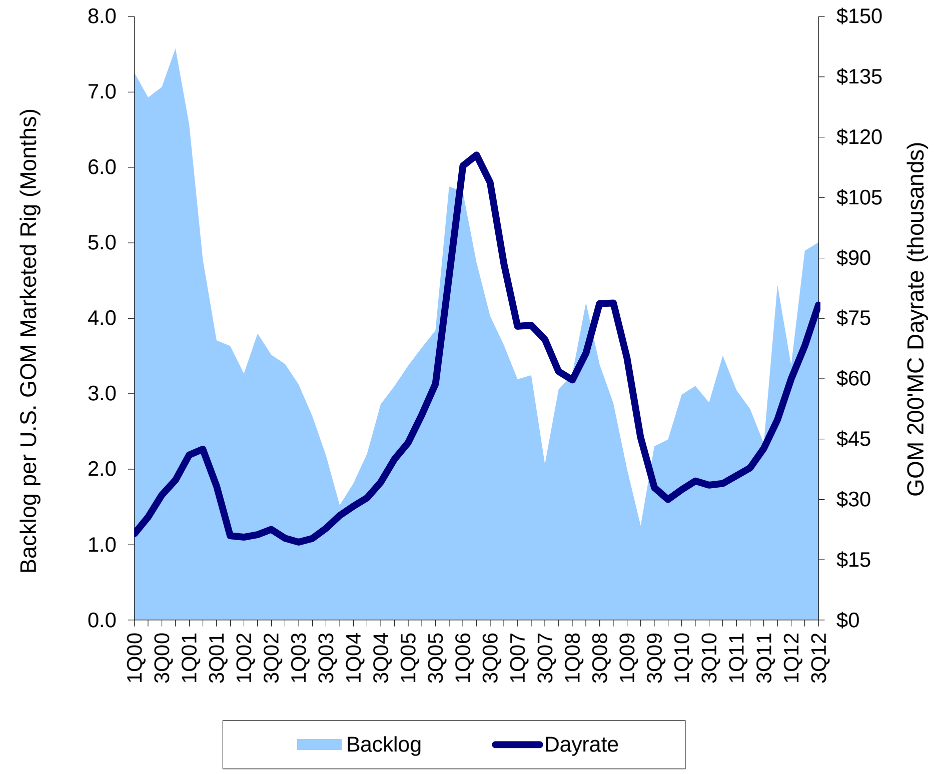
HERCULES
Offshore

Business Outlook

Domestic Offshore

- Tight industry supply/demand for U.S. GOM jackups
- Leading edge dayrates on the rise
- Company backlog continues to build, with 185 days of backlog per rig[(2)]
- Customer shift to oil/liquids-rich activity driving demand
- Synergies with Seahawk purchase

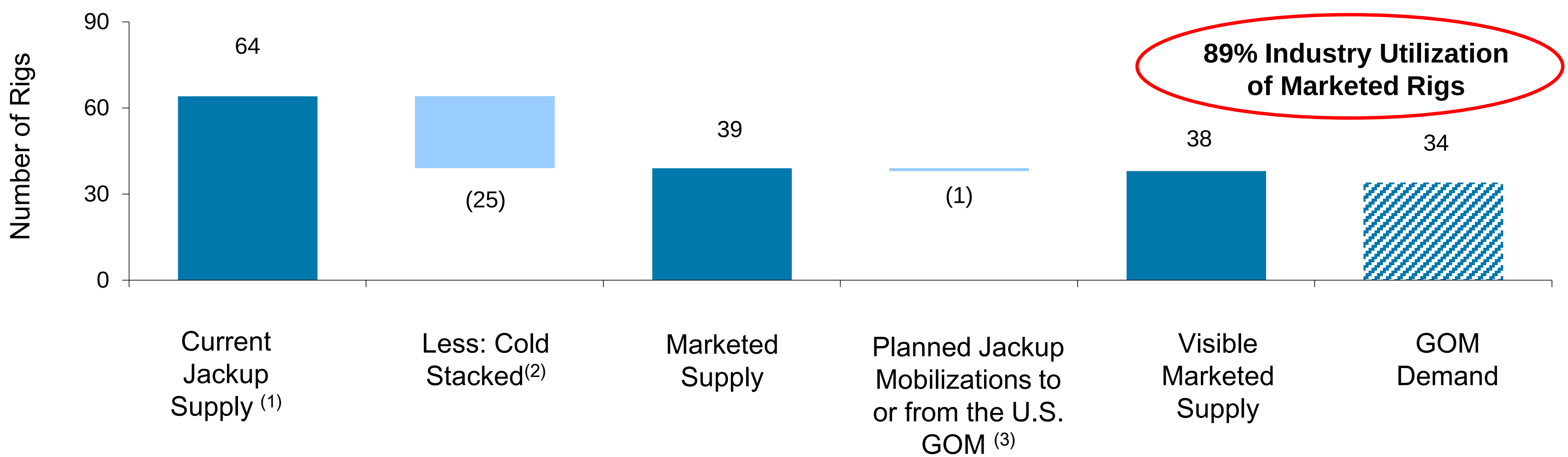
GOM Jackup Backlog and Dayrates [(1)]



(1) Source: ODS-Petrodata
(2) As of September 18, 2012 Fleet Status report

U.S. GOM Supply vs. Demand

U.S. GOM Jackup Supply and Demand as of October 3, 2012



- Greater demand, coupled with rig departures, has led to limited rig availability
- Hercules Offshore has 18 marketed rigs, with contracts for all marketed rigs[4]

Source: ODS-Petrodata

(1) Excludes *Papaloapan* and *Coatzacoalcos* both under construction

(2) Includes *Ensco 59*, which is not marketed

(3) Expected rig movements out: *Jawhara 5*

(4) As of September 18, 2012 Fleet Status Report

Domestic Customer Base Exposure to Crude Oil

- Domestic customers have significant exposure to crude oil, specifically Louisiana Light Sweet ("LLS"), which trades at a premium to WTI
- Customer shift to liquids-rich drilling, driven by disparity between oil and natural gas prices
- Between 70% to 80% of existing Company contracts are targeting oil / liquids (1)

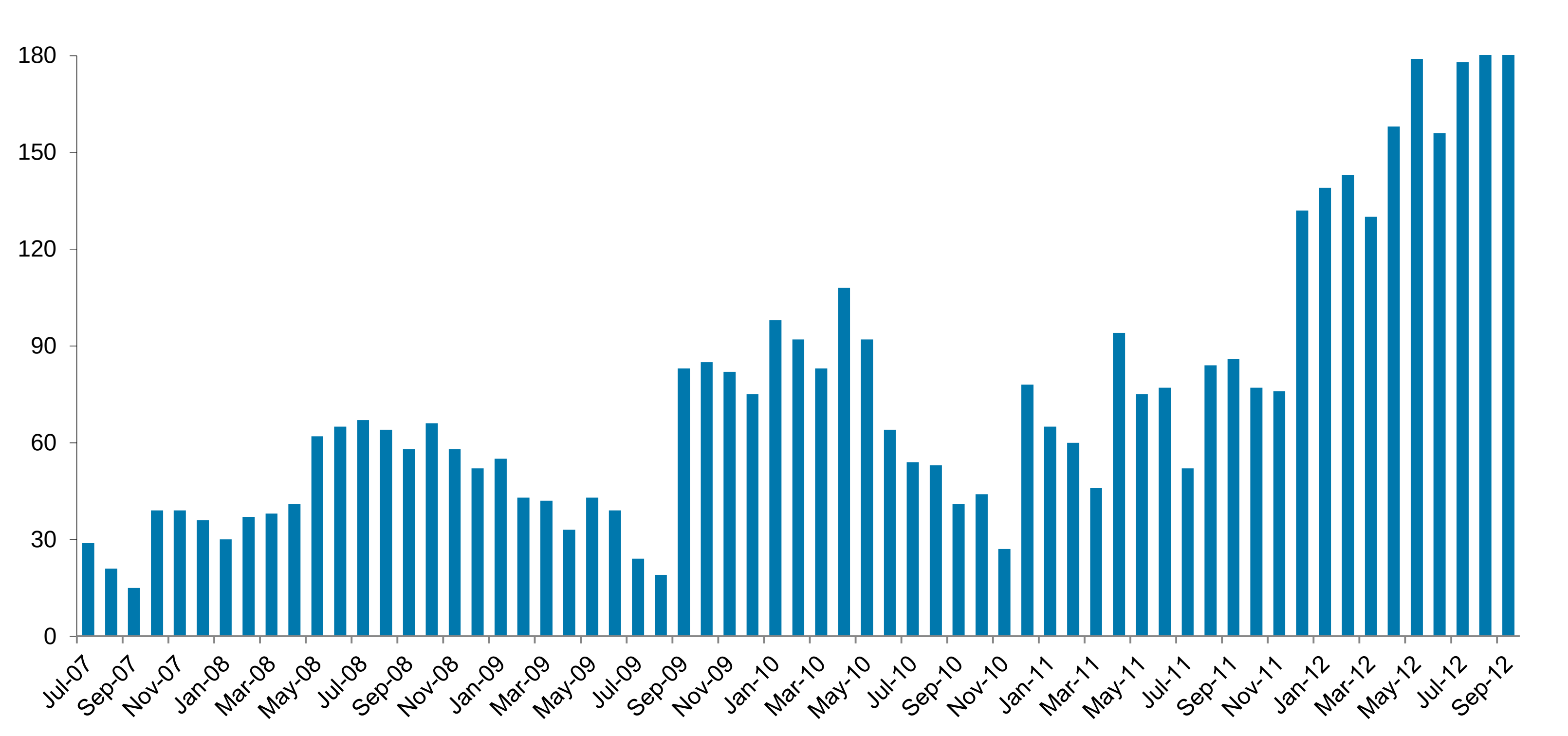
Customers U.S. GOM Liquids Mix	
Apache	~38%
Chevron	~39%
SandRidge Energy *(formerly Dynamic Offshore)*	~46%
Energy XXI	~68%
EPL Oil & Gas	~71%

Source: Public disclosures

(1) As of September 2012

Domestic Offshore Backlog

Hercules Offshore Average Backlog per Marketed Rig – U.S. GOM

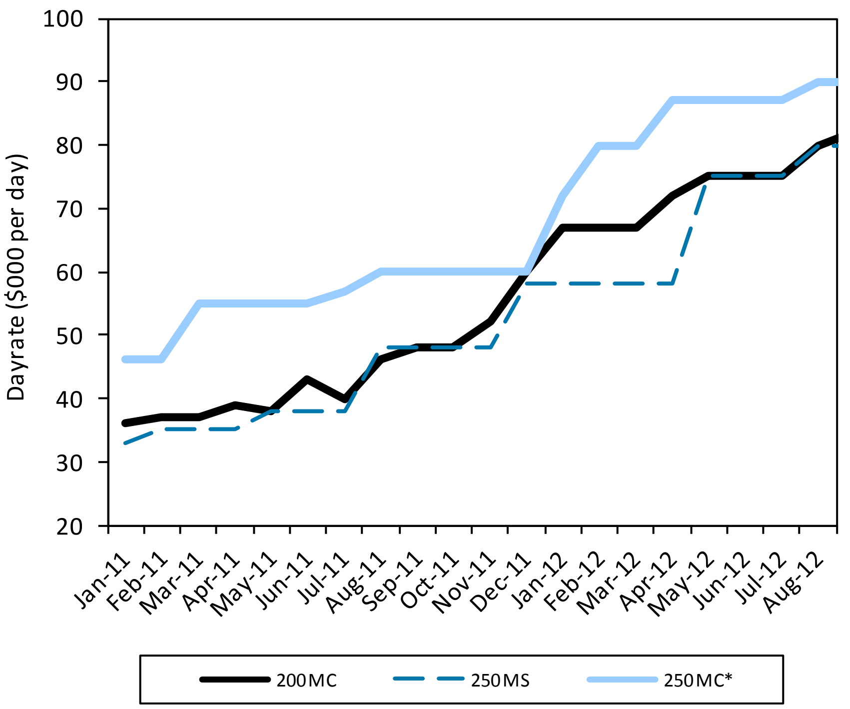


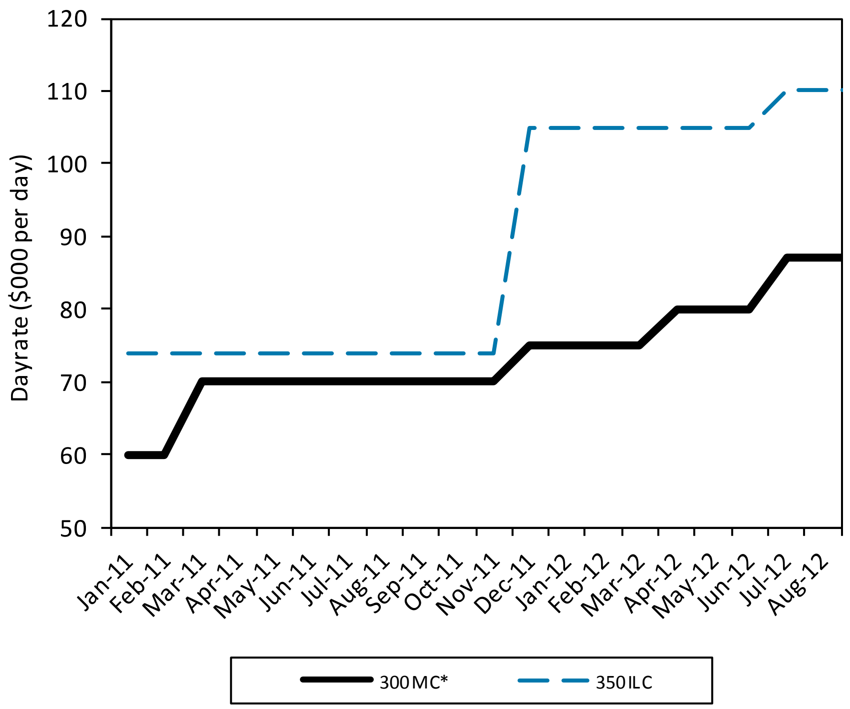
- Company backlog per rig at a historical high
- Healthy levels of backlog provides marketing flexibility and pricing support

Source: Company Fleet Status Report disclosures through September 18, 2012

Leading Edge Dayrates

Hercules Offshore Leading Edge Dayrates – U.S. GOM





- Significant rise in dayrates since mid-2011
- Significant portion of pricing improvement will be reflected during second half 2012

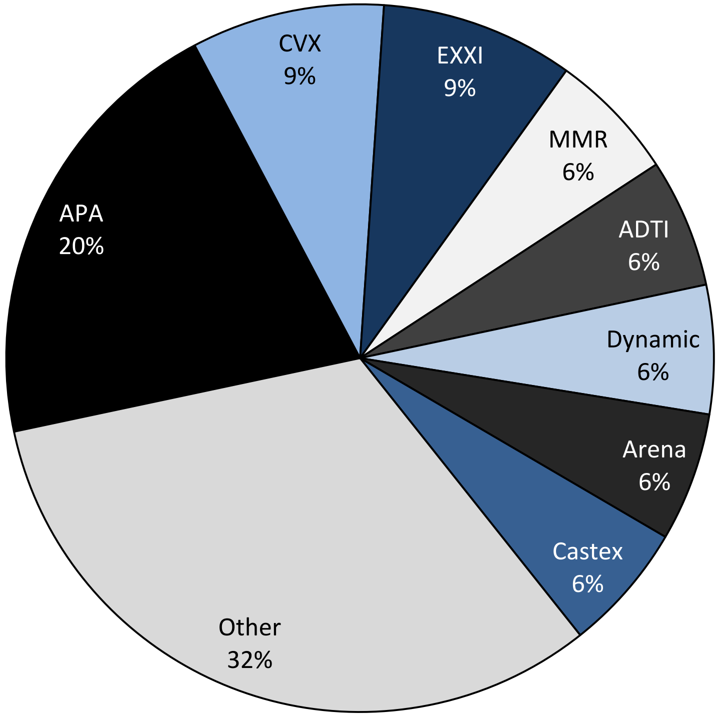
* Rates for 250MC and 300MC prior to Aril 2011 are based on Seahawk Drilling Fleet Status Report disclosures

Source: Company Fleet Status Report disclosures from January 2011 through September2012

Large and Diverse Domestic Customer Base

- Diverse group of operators in the U.S. GOM, ranging in size from mega-cap to private E&P
- Top three operators account for approximately 38% of U.S. GOM jackup demand
- Remaining operators are fragmented, with 16 E&P companies running two or less rigs
- Hercules Offshore customer base in 2011 and YTD 2012 consists of 32 operators, compared to 23 operators in 2009

U.S. GOM Industry Customers Mix (1)

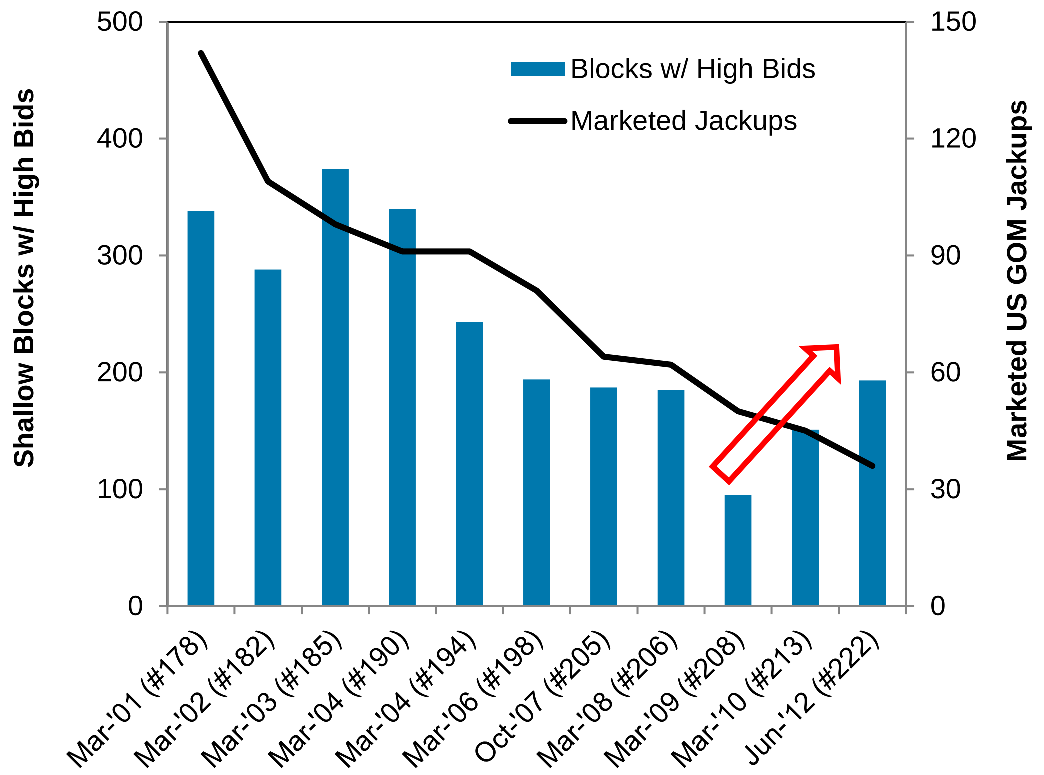


(1) U.S. GOM jackup rig operators as of October 3, 2012
Source: ODS-Petrodata

Central GOM Lease Sales

- Gulf of Mexico lease sales are an indicator of forward rig demand
- Recent Central GOM lease sale saw the most high bids for shallow water blocks since 2006-2008 timeframe, and double the number of high bids at the 2009 bottom
- Since 2006, marketed jackup rig count in the U.S. GOM has declined by approximately half

Central GOM Lease Sales <= 200m vs. Rig Count



Source: Bureau of Ocean Energy Management, ODS-Petrodata, Johnson Rice & Co.

U.S. GOM Shelf M&A Activity

GOM Shelf E&P Transaction Values (1)

Closing Date	Buyer	Seller	Deal Value ($mm)	% Oil
Dec-10	Energy XXI	ExxonMobil	$1,012	55%
Feb-11	EPL Oil & Gas	Anglo-Suisse	$201	92%
May-11	Tana Exploration	Maritech Resources	$222	63%
May-11	Black Elk	Merit Energy	$39	31%
May-11	Dynamic Offshore	Woodside/Providence	$43	16%
Aug-11	Dynamic Offshore	ExxonMobil	$183	39%
Aug-11	W&T Offshore	Shell	$71	27%
Sep-11	Dynamic Offshore	Moreno Offshore	$68	65%
Nov-11	EPL Oil & Gas	Stone Energy	$38	96%
Dec-11	KNOC	Northstar Offshore	$201	NA
Apr-12	Sandridge Energy	Dynamic Offshore	$1,208	51%
May-12	EPL Oil & Gas	W&T Offshore	$32	52%
Pending	Renaissance Offshore	McMoran Exploration	$28	77%
Pending	EPL Oil & Gas	Hilcorp	$550	54%

(1) Upstream Gulf of Mexico shelf transactions greater than $25 million in value

Source: Global Hunter Securities and Company estimates

- Active M&A market for GOM shelf properties positive for drilling demand
- Transactions highlight significant oil component to GOM Shelf properties
  - Sandridge's $1.2 billion purchase of Dynamic (51% oil)
  - EPL's $550 million purchase of Hilcorp GOM Shelf assets (54% oil)

Reactivation Matrix

Capital Payback Analysis [1] (months to payback)					
	Dayrate Assumption				
Reactivation Capital Cost ($ in millions)	$70,000	$75,000	$80,000	$85,000	$90,000
$ 10	9.1	8.0	7.2	6.5	6.0
$ 11	10.0	8.9	7.9	7.2	6.6
$ 12	10.9	9.7	8.7	7.8	7.2
$ 13	11.8	10.5	9.4	8.5	7.8
$ 14	12.7	11.3	10.1	9.1	8.4

- Current leading edge dayrates (200'MC) suggest attractive economics for rig reactivation

(1) Hercules Offshore estimates based on 95% utilization and operating cost of $32,000 per day per rig

Domestic Offshore Potential Earnings Upside

Incremental EBITDA Analysis [(1)]
($ in millions, except dayrate)

Number of Rigs Working	Increase in Average Dayrate: $5,000	$10,000	$15,000	$20,000	$25,000
18	$28	$56	$84	$112	$140
19	$43	$72	$102	$131	$161
20	$57	$88	$119	$150	$181
21	$72	$105	$137	$170	$202
22	$87	$121	$155	$189	$223
23	$101	$137	$173	$208	$244
24	$116	$153	$191	$228	$265

- Cost structure for working rigs is relatively fixed, resulting in a large portion of incremental dayrate flowing directly to EBITDA

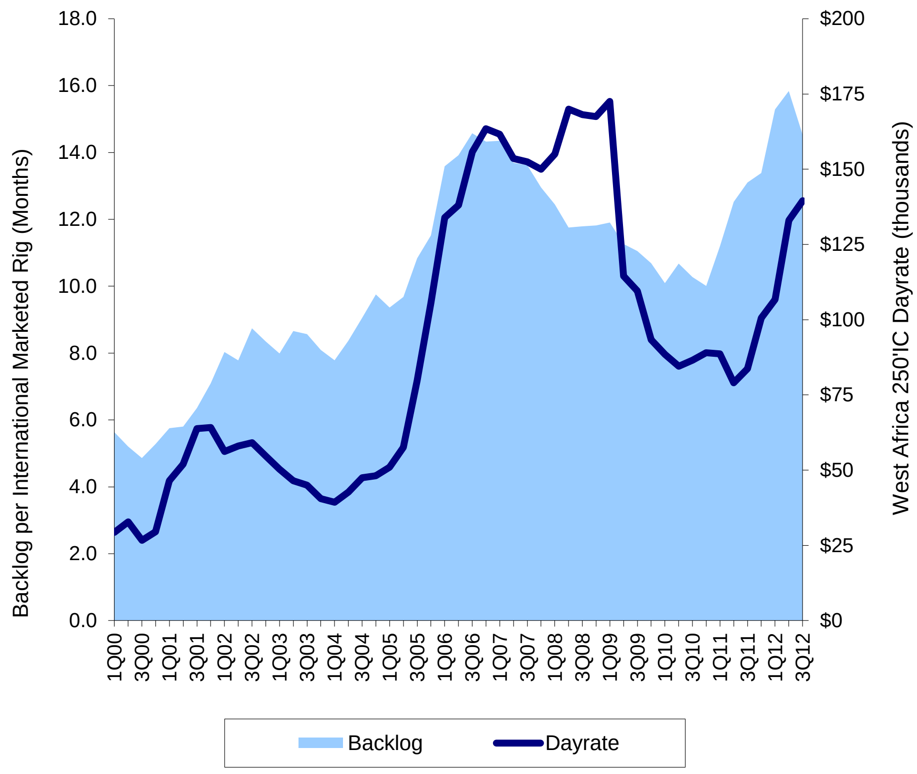
(1) EBITDA is a non-GAAP financial measure of earnings, or net income, before interest, income taxes, depreciation and amortization. Calculation shows the incremental EBITDA based on various dayrate changes and assuming 85% utilization. For incremental EBITDA generated from rig reactivation (greater than 18 working rigs), calculation assumes base dayrate of $80,000 plus the “Increase in Average Dayrate”, 85% utilization, and incremental operating cost of $32,000 per day per rig.

Source: Hercules Offshore estimates

International Offshore

- Resilient oil prices are supportive of strong growth in international capital spending
- National Oil Companies have been aggressively adding to their rig fleets since the beginning of 2011
- Recent Saudi Aramco contracts exemplify market strength
- Company backlog growth with blue-chip customers

International Jackup Backlog and Dayrates



Source: ODS-Petrodata

Accretive Rig Acquisition and Blue Chip Contract

Key asset details

- Acquisition of the *Ocean Columbia* (renamed *Hercules 266*)
- Contract award from Saudi Aramco
- Contract economics:
  - Three years, plus one year option
  - Total contract value of ~ $160 million over three years
  - Includes $25 million upfront mobilization payment
- Estimated investment requirements:
  - Acquisition price of $40 million
  - Capital upgrade cost of $35 million
  - Mobilization cost of $10 million
- Estimated timeline:
  - Rig purchase closed on March 28
  - Upgrade and mobilization anticipated to take 6-8 months, with commencement of work anticipated soon thereafter

Projected Return on Capital Employed

($ in millions)		
Rig purchase price	$	40.0
Upgrade costs		35.0
Mobilization costs		10.0
Gross investment		**85.0**
(Less: Mobilization payment)	$	(25.0)
Net investment		**60.0**
		Pro forma 2013
Projected EBITDA (1)	$	34.8
Projected EBIT (2)		28.0
Projected NOPAT (3)		25.2
Return on Capital Employed (4)		**29.7%**

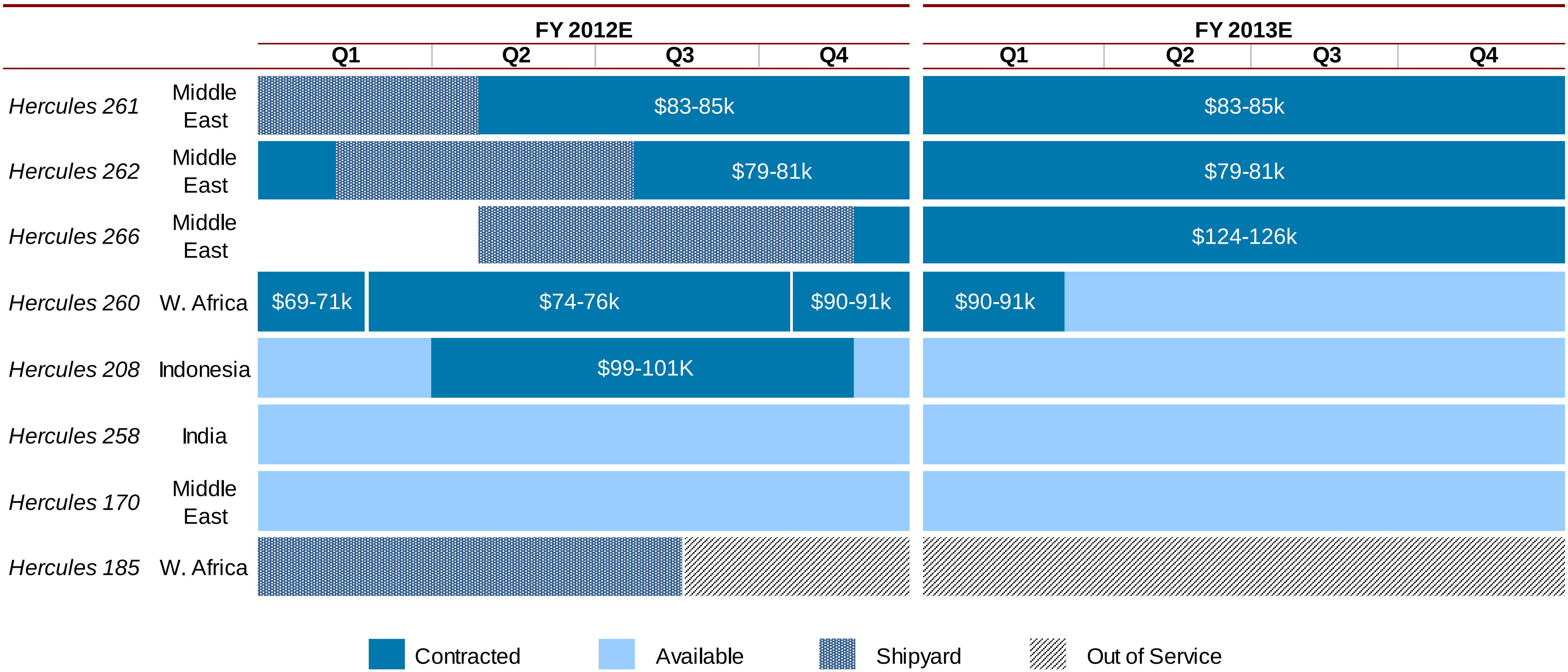
(1) Based on forecasted total revenue of approximately $160 million over three years, which includes a lump sum mobilization fee and assumes 98% rig utilization, less $50,000 per day of estimated operating costs

(2) Deprecation expense assumes 10% salvage value on rig purchase price, and capital investment depreciated over 12 years

(3) NOPAT defined as EBIT * (1 - tax rate); Estimated effective tax rate of 10% (Saudi Arabia)

(4) ROCE defined as NOPAT / Gross Investment

International Drilling Outlook



Source: Fleet Status Report as of September 18, 2012

Discovery Offshore Investment

- Creative and opportunistic means to establish ownership in premium, long-lived assets
  - Discovery rig capabilities in top 8% of global rig fleet
  - Discovery rig class commands highest dayrates among all jackup designs (except Norway capable rigs which cost twice as much)
  - Shipyard cost of $208 million per rig at order date. Current price for same rig design >$245 million.
- Thoughtful risk management of investment to Hercules balance sheet
  - Formed Discovery, took initial $10 million equity stake; raised remaining capital to fund rig purchase
  - Favorable shipyard financing terms that required only 20% initial down payment, with remainder due at delivery
  - Current ownership at 32%

Discovery Offshore Economics to Hercules Offshore

- KFELS Super A and similar jackup rig designs offer the most attractive rates relative to capital costs
- Hercules Offshore to receive:
  - Administrative fee of $6,000 per day per rig
  - Rig marketing and management fee equal to 5% of rig EBITDA
  - 32% ownership stake of Discovery Offshore's net earnings

Return Analysis by Jackup Class [(1)]

	No. Rigs	Build Cost ($ millions)	Recent Fixture Dayrate ($ thousands)
Discovery Spec or similar	**24**	**$195 - $245**	**~ $225+**
MOD V B or similar	140	$170 - $210	~ $165
Super M2 or similar	16	$140 - $170	~ $110

(1) Source: ODS-Petrodata, Hercules Offshore estimates

Discovery Offshore Market Bifurcation

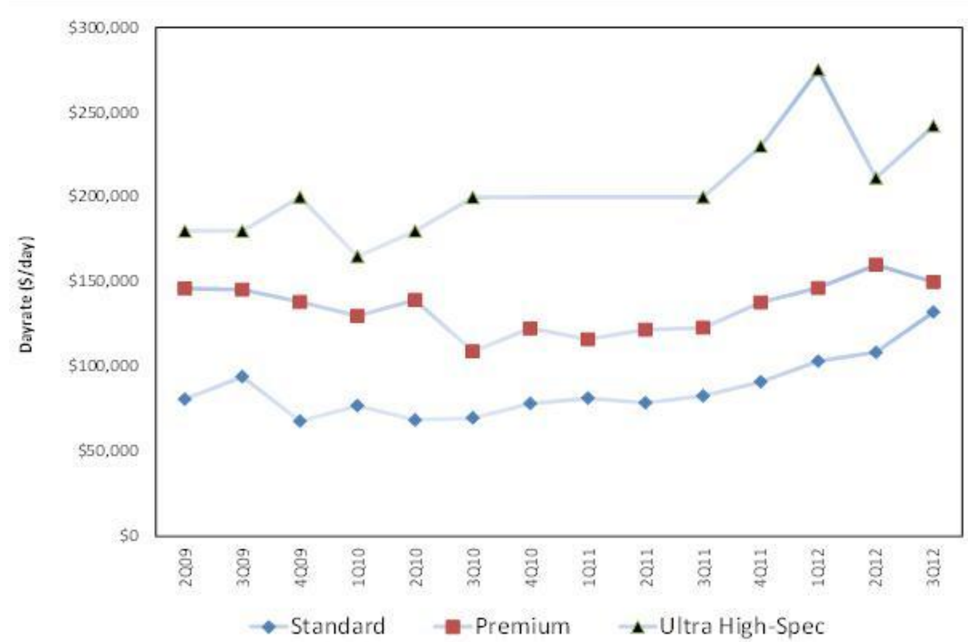
- Global jackup utilization, currently 90%, has tightened significantly in past 12 months
- Average dayrates for ultra high-specification jackup rigs continue to command a significant premium to new, but less capable jackup units
- Standard jackup dayrates have risen over the past 12 months, and are approaching dayrates for newer premium units that are less capable than ultra high-specification units

Recent Jackup Fixtues

($ in 000's, duration in months)

Fixture Da	Rig	Type	Design	Duration	Day rate
9/5/12	ENSCO 101	400F IC 00	Keppel FELS KFELS MOD V A	12	215
9/4/12	Noble Hans Deul	400F IC 08	Friede & Goldman JU-2000E	18	243
8/21/12	Aquamarine Driller	375F IC 09	Baker Marine Pacific Class 375	12	153
7/9/12	Atwood Aurora	350F IC 08	LeTourneau Super 116E Class	7	155
7/4/12	ENSCO 105	375F IC 02	Keppel FELS KFELS MOD V B	12	150
8/24/12	GSF Compact Driller	300F IC 92	LeTourneau Class 116-C	3	135
8/24/12	Trident XV	300F IC 82	Mitsui 300C-38	2	137
8/24/12	Trident XVI	300F IC 82	Mitsui 300C-38	2	133

Average Dayrate by Jackup Class



International Liftboats

- Largest liftboat provider in West Africa and established presence in Middle East
- Well-established liftboat market and long term demand growth drivers in West Africa, tempered by competition creep
- Robust Middle East demand, driven by construction and well servicing activity

August 2012 International Liftboat Fleet Status

Leg Length/ Liftboat Class (Feet)	Total Number of Liftboats	Actively Marketed Liftboats(1)	Revenue Per Day Per Liftboat(2)	Operating Days	Utilization(3)
230-260	3	2	$ 63,516	5	8%
170-215	6	6	35,931	175	94%
140-150	4	4	17,744	109	88%
120-130	7	7	14,463	92	42%
105	4	2	11,540	31	50%
Total/Average	24	21	$ 24,825	412	63%

(1) Actively marketed liftboats excludes two Nigeria cold-stacked liftboats. The *Kingfish*, a 230' class liftboat, arrived in the Middle East from the U.S. GOM in July and will be undergoing upgrades prior to becoming reactivated.
(2) Includes reimbursables
(3) Utilization is defined as the total number of operating days in the period as a percentage of the total number of calendar days in the period our liftboats were actively marketed

Domestic Liftboats

- Seasonally-driven market demand, with activity levels most active during the summer and fall period
- Select industry capacity movement out of the Gulf of Mexico, including Company's *Kingfish* vessel to the Middle East

August 2012 Domestic Liftboat Fleet Status

Leg Length/ Liftboat Class (Feet)	Total Number of Liftboats	Actively Marketed Liftboats(1)	Revenue Per Day Per Liftboat(2)	Operating Days	Utilization(3)
230	1	1	$ 23,150	31	100%
170-215	4	4	12,682	88	71%
140-150	5	5	8,289	123	79%
120-130	14	12	6,090	266	72%
105	15	10	5,861	145	47%
Total/Average	39	32	$ 8,152	653	66%

(1) Actively marketed liftboats excludes seven GOM cold-stacked liftboats.
(2) Includes reimbursables
(3) Utilization is defined as the total number of operating days in the period as a percentage of the total number of calendar days in the period our liftboats were actively marketed

HERCULES
Offshore

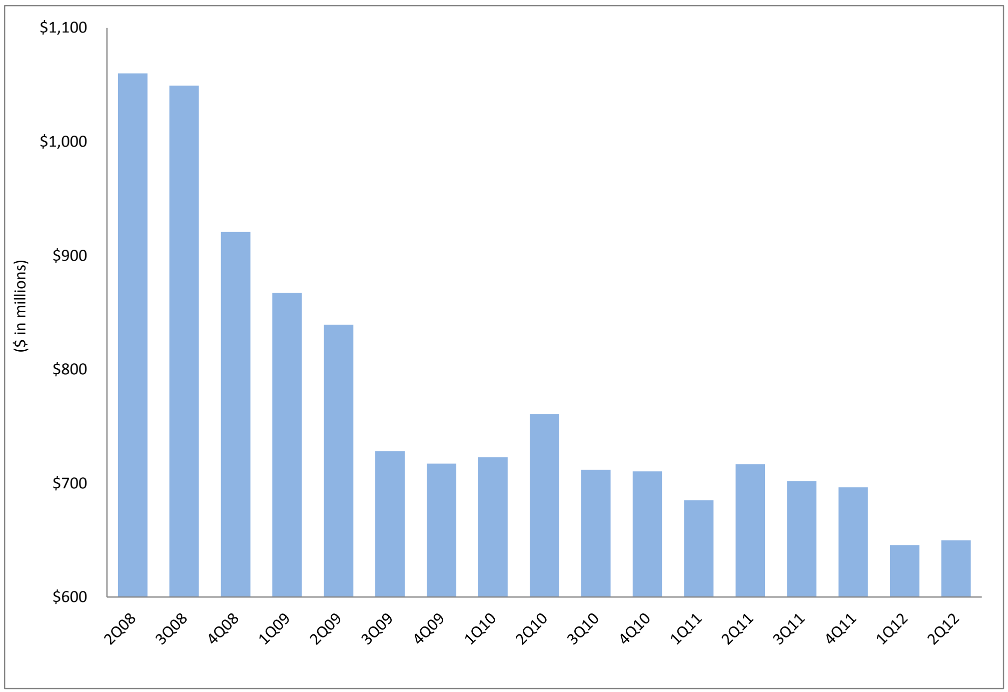
Corporate Initiatives

History of Growth

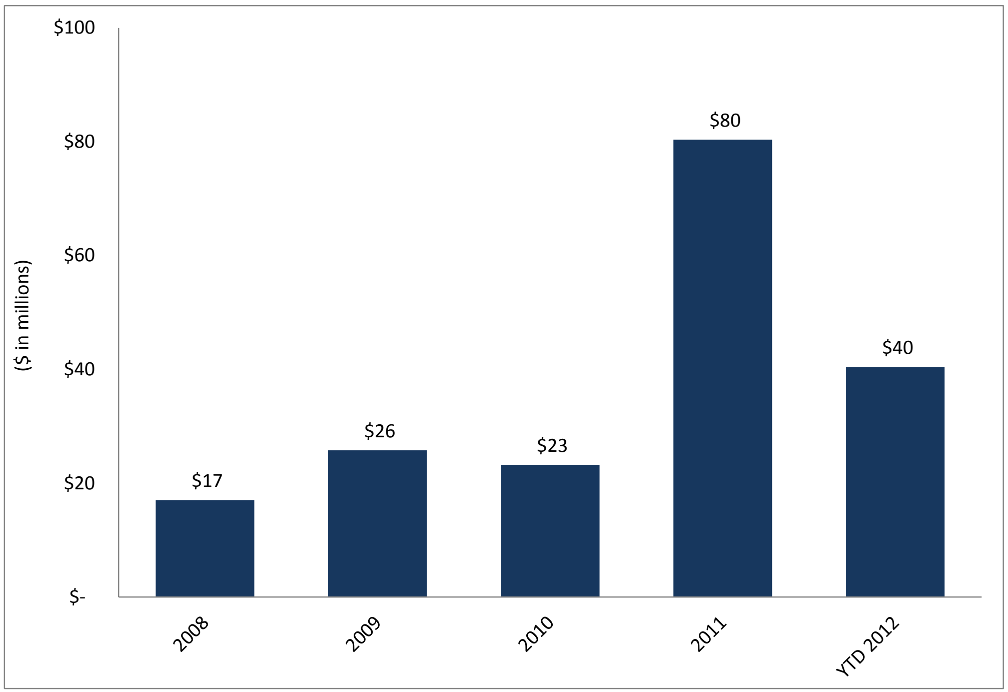
August 2004	Acquired five jack up rigs from Parker Drilling
October 2004	Acquired 22 liftboats from Global Industries
January 2005	Acquired *Rig 25* from Parker Drilling and *Hercules 257* from Porterhouse Offshore, L.P.
June 2005	Acquired *Rig 170* from Transocean and 17 liftboats from Superior Energy
August 2005	Acquired the *Whale Shark* liftboat from CS Liftboats
September 2005	Acquired *Hercules 258* from Hydrocarbon Capital II LLC
October 2005	Initial Public Offering
November 2005	Acquired seven liftboats from Danos & Curole
February 2006	Acquired *Hercules 260* from Aries Offshore Partners Ltd.
June 2006	Acquired six liftboats from Laborde Marine Lifts
November 2006	Acquired eight liftboats and assumed rights to operate five additional liftboats from Halliburton
June 2007	Acquired one liftboat from Consolidated Energy Services
July 2007	Acquired TODCO
March 2008	Acquired *Hercules 261* and *Hercules 350* from Transocean
May 2008	Acquired *Hercules 262* from Transocean
January 2011	Investment in Discovery Offshore S.A., owner of two ultra high-spec jackup rigs
April 2011	Acquired 20 jackup rigs from Seahawk Drilling
March 2012	Acquired *Hercules 266* from Diamond Offshore

Successful Debt Reduction and Asset Sales Efforts

Net Debt (1)



Proceeds from Asset Sales



- Company has reduced debt over $400 million since 2Q08 when debt levels peaked
- Asset sales have generated a cumulative $187 million in proceeds since 2008
  - Divestitures of mostly idle assets that carried significant costs

(1) Excludes restricted cash balance

Strengthen Balance Sheet with Refinancing

- Execution of comprehensive refinancing to facilitate rig acquisition, increase operational flexibility and extend maturity profile completed in April 2012
- Refinancing consist of the following:
  - 20 million new shares of equity (100% primary)
  - $300 million of new 5-year Senior Secured Notes @ 7.125%
  - $200 million of new 7-year Senior Unsecured Notes @ 10.25%
  - $75 million of new senior secured revolving credit facility (undrawn at close)
- Transactions substantially improve credit profile
  - Pro forma net debt / adjusted EBITDA of 3.7x, down from 4.7x
  - Pro forma secured debt / adjusted EBITDA of 1.6x, down from 5.0x
  - Significant debt maturities extended to 2017
- Proceeds were used to pay down existing term loan and fund the acquisition

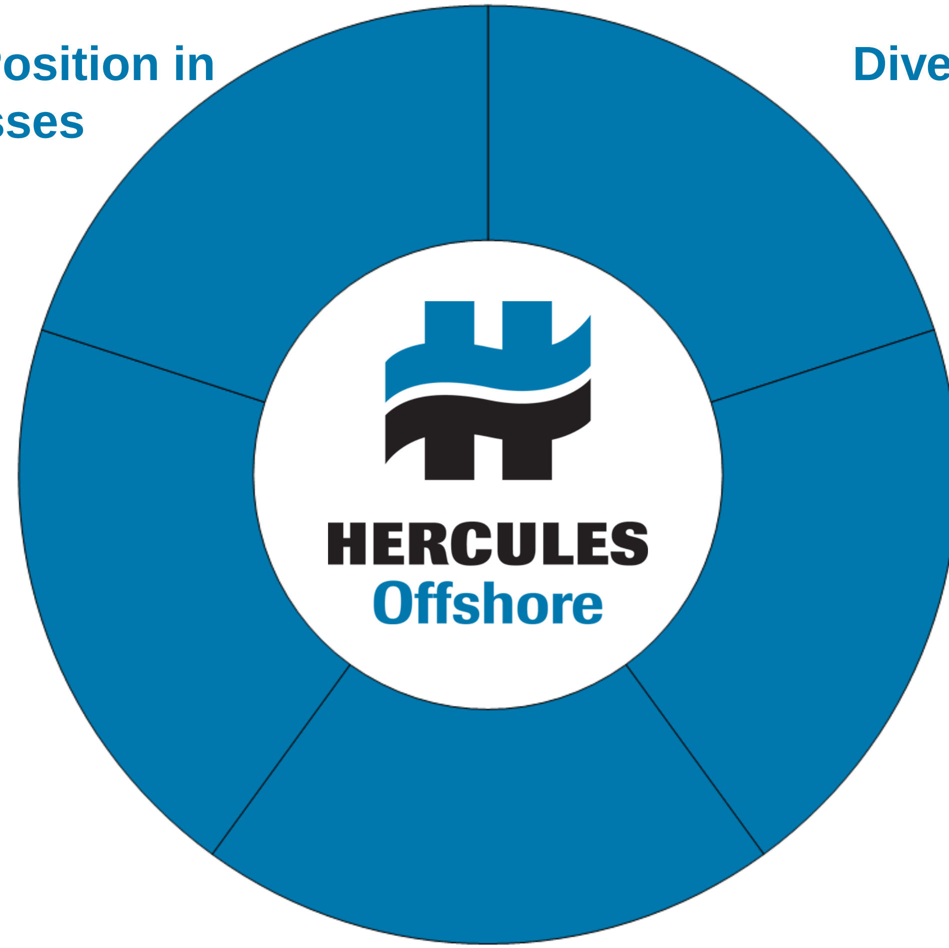
HERCULES
Offshore

Conclusion

Hercules Offshore’s Strategy Remains Consistent

Maintain Leading Position in Core Businesses

Diversify Geographically



Opportunistic Growth and Fleet Optimization

Focus on Shallow Water Assets

Maintain Status as an Efficient, Low-Cost Service Provider

Investment Highlights

- Positive industry trends continue in the U.S. GOM led by tight jackup rig supply and oil/liquids-rich activity demand driver
- Strengthening international jackup market, exemplified by Company's recent Saudi Aramco contract
- Refinancing improves credit profile, extends maturity schedule, and increases operational flexibility
- Exposure to the high growth ultra-high specification jackup market through investment in Discovery Offshore
- Proactive management team that have displayed stewardship of assets and discipline with supply rationalization

APPENDIX

Domestic Offshore Marketed Rig Data

Domestic Offshore Fleet Status as of 09/18/2012						
				Contract	Est. Duration	
Rig Name	Rig Type	Location	Customer / Status	Dayrate ($000s)[1]	Days	Date
Hercules 120	120' - MC, TD	GOM	Chevron	39-41	104	12/31/12
Hercules 150	150' - ILC, TD	GOM	Shipyard			10/02/12
			Apache	59-61	90	12/31/12
			Chevron	74-76	60	03/01/13
Hercules 173	173' - MC, TD	GOM	Chevron	39-41	104	12/31/12
Hercules 200	200' - MC, TD	GOM	Apache	71-73	69	11/26/12
				79-81	90	02/24/13
Hercules 201	200' - MC, TD	GOM	Hilcorp	69-71	4	09/22/12
			EPL	76-78	90	12/17/12
			EPL	81-83	90	03/17/13
Hercules 202	200' - MC, TD	GOM	Breton	57-59	27	10/15/12
			Shipyard			10/22/12
			W&T Offshore	66-68	106	02/05/13
			W&T Offshore	71-73	96	05/12/13
Hercules 204	200' - MC, TD	GOM	Tarpon	57-59	4	09/22/12
			Castex	57-59	40	11/01/12
			Tarpon	51-53	30	12/01/12
			Castex	57-59	45	01/15/13
			Castex	81-83	40	02/24/13
Hercules 205	200' - MC, TD	GOM	ADTI/Contango	43-45	32	10/20/12
			Shipyard			11/24/12
Hercules 212	200' - MC, TD	GOM	Bois d'Arc	61-63	57	11/14/12
			Rooster Petroleum	76-78	45	12/29/12
			Monforte	69-71	45	02/12/13
Hercules 213	200' - MC, TD	GOM	EPL	56-58	6	09/24/12
				74-76	64	11/27/12
				81-83	120	03/27/13

(1) Contract dayrates shown in the table above are full contract operating dayrates, which may include estimated contractual adjustments for changes in operating costs and reimbursable cost items for operating expenses such as crew and may also include additional services and personnel that may be requested by the customer from time-to-time. However, the dayrates do not include certain non-recurring revenues such as lump sum mobilizations and demobilizations. The actual dayrate will depend on a number of factors, many of which are beyond the control of the company. The average dayrate over the term of the contract will be lower and could be substantially lower and are subject to numerous risks, as disclosed in the company's filing with the Securities and Exchange Commission. Lower dayrates typically apply when the rig is under contract but not fully operating, including periods when the rig is moving, waiting on weather, on standby, down for repairs or maintenance or during other operational delays or events of force majeure.

Domestic Offshore Marketed Rig Data (continued)

Domestic Offshore Fleet Status as of 09/18/2012 (continued)						
Hercules 214	200' - MC, TD	GOM	Apache	69-71	79	12/06/12
				79-81	180	06/04/13
Hercules 251	250' - MS, TD	GOM	Walter Oil & Gas	57-59	27	10/15/12
			Walter Oil & Gas	60-62	60	12/14/12
			Hall-Houston	79-81	22	01/05/13
			Hall-Houston	74-76	38	02/12/13
			Hall-Houston	57-59	17	03/01/13
			Hall-Houston	74-76	60	04/30/13
Hercules 253	250' - MS, TD	GOM	Tana	47-49	26	10/14/12
			Shipyard			11/28/12
			Tana	74-76	192	06/08/13
Hercules 263	250' - MC, TD	GOM	Shipyard			10/28/12
			Arena	62-64	93	01/29/13
			Tana	86-88	120	05/29/13
			Tana	89-91	130	10/06/13
Hercules 264	250' - MC, TD	GOM	Pisces	86-88	43	10/31/12
			Castex	86-88	210	05/29/13
Hercules 265	250' - MC, TD	GOM	ENI	81-83	20	10/08/12
			Gulf Coast Energy Resources	67-69	60	12/07/12
			EPL	89-91	90	03/07/13
Hercules 300	300' - MC, TD	GOM	Arena	79-81	35	10/23/12
				86-88	120	02/20/13
Hercules 350	350' - ILC, TD	GOM	Ankor Energy	106-108	3	09/21/12
			Shipyard			11/05/12
			Monforte	104-106	50	12/25/12
			Cimarex	109-111	205	07/18/13
				Average	185	days

(1) Contract dayrates shown in the table above are full contract operating dayrates, which may include estimated contractual adjustments for changes in operating costs and reimbursable cost items for operating expenses such as crew and may also include additional services and personnel that may be requested by the customer from time-to-time. However, the dayrates do not include certain non-recurring revenues such as lump sum mobilizations and demobilizations. The actual dayrate will depend on a number of factors, many of which are beyond the control of the company. The average dayrate over the term of the contract will be lower and could be substantially lower and are subject to numerous risks, as disclosed in the company's filing with the Securities and Exchange Commission. Lower dayrates typically apply when the rig is under contract but not fully operating, including periods when the rig is moving, waiting on weather, on standby, down for repairs or maintenance or during other operational delays or events of force majeure.

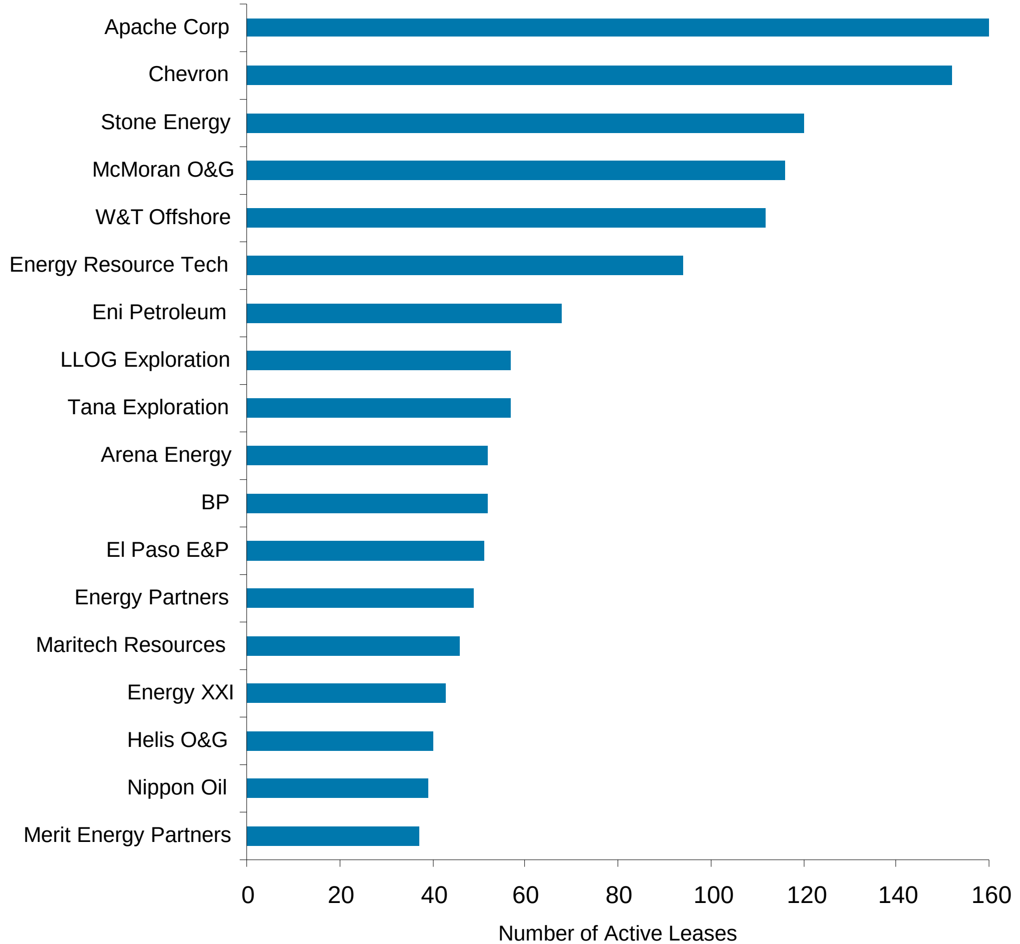
International Offshore Marketed Rig Data

International Offshore Fleet Status as of 09/18/2012						
				Contract	Est. Duration	
Rig Name	Rig Type	Location	Customer / Status	Dayrate ($000s) [1]	Days	Date
Hercules 170	170' - ILC, TD	Bahrain	Warm Stacked			
Hercules 185	150' - ILC, TD	Angola	Shipyard			TBD
			CABGOC	59-61		02/11/14
Hercules 208	200' - MC, TD	Indonesia	Petronas	99-101	-	09/18/12
			Seruway	99-101	45	11/02/12
Hercules 258	250' - MS, TD	Malaysia	Warm Stacked			
Hercules 260	250' - ILC, TD	Cameroon	Perenco	89-91	177	03/14/13
Hercules 261	250' - ILC, TD	Saudi Arabia	Saudi Aramco	83-85	741	09/29/14
Hercules 262	250' - ILC, TD	Saudi Arabia	Saudi Aramco	79-81	781	11/08/14
Hercules 266	250' - ILC, TD	Saudi Arabia	Shipyard			11/30/12
			Saudi Aramco	124-126	1,095	11/30/15
				Average	355	days

(1) Contract dayrates shown in the table above are full contract operating dayrates, which may include estimated contractual adjustments for changes in operating costs and reimbursable cost items for operating expenses such as crew and may also include additional services and personnel that may be requested by the customer from time-to-time. However, the dayrates do not include certain non-recurring revenues such as lump sum mobilizations and demobilizations. The actual dayrate will depend on a number of factors, many of which are beyond the control of the company. The average dayrate over the term of the contract will be lower and could be substantially lower and are subject to numerous risks, as disclosed in the company's filing with the Securities and Exchange Commission. Lower dayrates typically apply when the rig is under contract but not fully operating, including periods when the rig is moving, waiting on weather, on standby, down for repairs or maintenance or during other operational delays or events of force majeure.

GOM Shallow Water Operator Data

Top 20 Shallow Water (0-350ft) GOM Lease Holders



Operator	Current Jackup	% of Total Current
Apache Corp	6	16%
Chevron	4	11%
Stone Energy	2	5%
McMoran O&G	2	5%
W&T Offshore	1	3%
Energy Resource Tech	0	0%
ENI	0	0%
LLOG Exploration	0	0%
Tana	1	3%
Arena Energy	3	8%
BP	0	0%
El Paso E&P	0	0%
Energy Partner	2	5%
Maritech Resources	0	0%
Energy XXI	3	8%
Helis O&G	0	0%
Nippon Oil	0	0%
Merit Energy Partners	0	0%
Total	**24**	**63%**

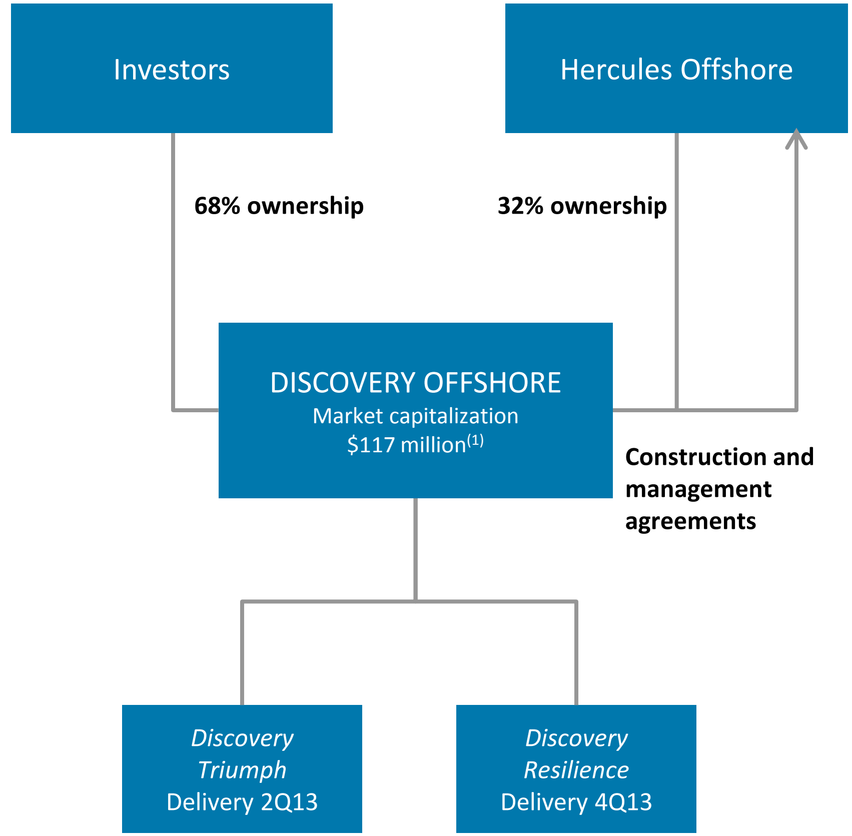
Source: Rig data per ODS-Petrodata rig of June 13, 2012

Summary of Discovery Offshore Structure

Overview

- **Discovery Offshore is a newly established Luxembourg-based company**
  - Constructing two ultra high-specification Keppel FELS Super A jackup rigs with options for two additional rigs
  - Hercules initially invested $10 million, with subsequent investment that increase ownership stake to 32.1%
- **Discovery Offshore strategy**
  - Singular focus on ultra high-specification jackup market
  - Leverage Hercules' long-standing relationships with national oil companies, majors and independents
  - Fleet expansion via options exercise and acquisitions
- **Managed by Hercules Offshore**
  - Manage construction process
    - $7 million fee per rig
  - Manage operations
    - Marketing and contracting of rigs
    - Day-to-day operations
    - Administrative and corporate services
    - Fee of $6,000 per day per rig + 5% of rig based EBITDA

Structure



(1) Based on share price and USD/NOK conversion rate as of September 24, 2012

Adjusted EBITDA reconciliation

- The following table reconciles our Losses from Continuing Operations, the most directly comparable GAAP financial measure, to EBITDA and Adjusted EBITDA

$ in thousands	As of 12/31/2011
Loss from Continuing Operations	($66,520)
Interest expense	79,178
Income tax benefit	(35,341)
Depreciation and amortization	172,571
EBITDA	**149,888**
Adjustments:	
Property and equipment impairment	–
Gain on early retirement of debt, net	–
Expense of credit agreement fees	–
Total adjustments	–
Adjusted EBITDA	**$149,888**

Note: Adjusted EBITDA is calculated as net income before interest expense, taxes, depreciation and amortization, property and equipment impairment, gain or loss on early retirement of debt and expense of credit agreement fees. Adjusted EBITDA is included in this presentation because our management considers it an important supplemental measure of our performance and believes that it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry, some of which present EBITDA and Adjusted EBITDA when reporting their results. We regularly evaluate our performance as compared to other companies in our industry that have different financing and capital structures and/or tax rates by using Adjusted EBITDA. In addition, we utilize Adjusted EBITDA in evaluating acquisition targets. Management also believes that Adjusted EBITDA is a useful tool for measuring our ability to meet our future debt service, capital expenditures and working capital requirements, and Adjusted EBITDA is commonly used by us and our investors to measure our ability to service indebtedness. Adjusted EBITDA is not a substitute for the GAAP measures of earnings or of cash flow and is not necessarily a measure of our ability to fund our cash needs. In addition, it should be noted that companies calculate EBITDA and Adjusted EBITDA differently and, therefore, Adjusted EBITDA as presented for us may not be comparable to EBITDA and Adjusted EBITDA reported by other companies. Adjusted EBITDA has material limitations as a performance measure because it excludes interest expense, taxes, depreciation and amortization, property and equipment impairment, gain or loss on early retirement of debt and expense of credit agreement fees

Source: Public filings

HERCULES
Offshore