

**Hornbeck Offshore Services, Inc. and Subsidiaries**  
**Unaudited Consolidated Statements of Operations**  
(in thousands, except Other Operating Data)

	Three Months Ended			Twelve Months Ended	
	December 31, 2003	September 30, 2003	December 31, 2002	December 31, 2003	December 31, 2002
<b>Statement of Operations (unaudited):</b>					
Revenues.....	\$ 29,240	\$ 28,215	\$ 26,203	\$ 110,813	\$ 92,585
Operating expenses.....	12,965	12,398	10,661	46,805	36,344
Depreciation and amortization.....	5,156	4,816	3,532	17,590	12,289
General and administrative expenses.....	2,686	2,725	2,505	10,731	9,681
Total operating expenses.....	20,807	19,939	16,698	75,126	58,314
Operating income.....	8,433	8,276	9,505	35,687	34,271
Interest expense.....	(5,145)	(4,804)	(4,389)	(18,523)	(16,207)
Interest income.....	38	25	91	178	667
Other income (expense), net <sup>1</sup> .....	9	(10)	55	706	55
Income before income taxes.....	3,335	3,487	5,262	18,048	18,786
Income tax expense.....	1,267	1,328	1,987	6,858	7,139
Net income.....	\$ 2,068	\$ 2,159	\$ 3,275	\$ 11,190	\$ 11,647

**Other Operating Data (unaudited):**

**Offshore Supply Vessels:**

Average number.....	22.0	19.9	12.8	17.3	11.0
Average utilization rate <sup>2</sup> .....	85.5%	88.7%	96.8%	88.6%	94.9%
Average dayrate <sup>3</sup> .....	\$ 9,769	\$ 10,411	\$ 12,601	\$ 10,940	\$ 12,176

**Tugs and Tank Barges:**

Average number of tank barges.....	16.0	16.0	16.0	15.9	16.0
Average fleet capacity (barrels).....	1,156,330	1,156,330	1,130,727	1,145,064	1,130,727
Average barge size (barrels).....	72,271	72,271	70,670	72,082	70,670
Average utilization rate <sup>2</sup> .....	76.1%	67.7%	78.4%	73.6%	78.1%
Average dayrate <sup>4</sup> .....	\$ 10,537	\$ 10,788	\$ 9,842	\$ 10,971	\$ 9,499

**As of December 31,**  
**2003**                      **2002**

**Balance Sheet Data (unaudited):**

Cash and cash equivalents.....	\$ 12,899	\$ 22,228
Working capital.....	17,698	22,265
Property, plant and equipment, net.....	316,715	226,232
Total assets.....	365,242	278,290
Total long-term debt.....	212,677	172,306
Stockholders' equity.....	112,395	71,876

<sup>1</sup> Represents other income and expenses, including gains or losses on disposition of assets, foreign currency exchange gains or losses and minority interests in income or loss from unconsolidated entities.

<sup>2</sup> Utilization rates are average rates based on a 365-day year. Vessels are considered utilized when they are generating revenues.

<sup>3</sup> Average dayrates represent average revenue per day, which includes charter hire and brokerage revenue, based on the number of days during the period that the offshore supply vessels generated revenue.

<sup>4</sup> Average dayrates represent average revenue per day, including time charters, brokerage revenue, revenues generated on a per-barrel-transported basis, demurrage, shipdocking and fuel surcharge revenue, based on the number of days during the period that the tank barges generated revenue. For purposes of brokerage arrangements, this calculation excludes that portion of revenue that is equal to the cost of in-chartering third party equipment paid by customers

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	Three Months Ended			Twelve Months Ended	
	December 31, 2003	September 30, 2003	December 31, 2002	December 31, 2003	December 31, 2002
<b>Other Financial Data (unaudited):</b>					
<b>Offshore Supply Vessels:</b>					
Revenues.....	\$ 17,279	\$ 17,355	\$ 14,353	\$ 62,402	\$ 46,378
Operating income.....	\$ 6,491	\$ 6,544	\$ 6,665	\$ 25,283	\$ 22,341
Operating margin.....	37.6%	37.7%	46.4%	40.5%	48.2%
Net income.....	\$ 1,485	\$ 1,708	\$ 1,977	\$ 6,617	\$ 6,153
Plus:					
Interest expense .....	4,134	3,791	3,559	14,706	12,892
Income tax expense.....	910	1,052	1,191	4,055	3,772
Depreciation and amortization.....	2,833	2,620	1,771	9,380	5,824
<b>EBITDA<sup>5</sup></b>	<b>\$ 9,362</b>	<b>\$ 9,171</b>	<b>\$ 8,498</b>	<b>\$ 34,758</b>	<b>\$ 28,641</b>
<b>Tugs and Tank Barges:</b>					
Revenues.....	\$ 11,961	\$ 10,860	\$ 11,850	\$ 48,411	\$ 46,207
Operating income.....	\$ 1,942	\$ 1,732	\$ 2,840	\$ 10,404	\$ 11,930
Operating margin.....	16.2%	15.9%	24.0%	21.5%	25.8%
Net income.....	\$ 583	\$ 451	\$ 1,298	\$ 4,573	\$ 5,494
Plus:					
Interest expense .....	1,011	1,013	830	3,817	3,315
Income tax expense.....	357	276	796	2,803	3,367
Depreciation and amortization.....	2,323	2,196	1,761	8,210	6,465
<b>EBITDA<sup>5</sup></b>	<b>\$ 4,274</b>	<b>\$ 3,936</b>	<b>\$ 4,685</b>	<b>\$ 19,403</b>	<b>\$ 18,641</b>
<b>Total:</b>					
Revenues.....	\$ 29,240	\$ 28,215	\$ 26,203	\$ 110,813	\$ 92,585
Operating income.....	\$ 8,433	\$ 8,276	\$ 9,505	\$ 35,687	\$ 34,271
Operating margin.....	28.8%	29.3%	36.3%	32.2%	37.0%
Net income.....	\$ 2,068	\$ 2,159	\$ 3,275	\$ 11,190	\$ 11,647
Plus:					
Interest expense .....	5,145	4,804	4,389	18,523	16,207
Income tax expense.....	1,267	1,328	1,987	6,858	7,139
Depreciation and amortization.....	5,156	4,816	3,532	17,590	12,289
<b>EBITDA<sup>5</sup></b>	<b>\$ 13,636</b>	<b>\$ 13,107</b>	<b>\$ 13,183</b>	<b>\$ 54,161</b>	<b>\$ 47,282</b>

<sup>5</sup> EBITDA consists of earnings (net income) before interest expense, provision for income taxes, depreciation and amortization. This term, as the Company defines it, may not be comparable to similarly titled measures employed by other companies and is not a measure of performance calculated in accordance with accounting principles generally accepted in the United States, or GAAP. EBITDA should not be considered in isolation or as a substitute for operating income, net income or loss, cash flows provided by operating, investing and financing activities, or other income or cash flow statement data prepared in accordance with GAAP.

EBITDA is useful to an investor in evaluating the Company's operating performance because:

- it is widely used by investors in Hornbeck's industry to measure a company's operating performance without regard to items such as interest expense, depreciation and amortization, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired; and
- it helps investors more meaningfully evaluate and compare the results of the Company's operations from period to period by removing the impact of its capital structure (primarily interest charges from the Company's outstanding debt) and asset base (primarily depreciation and amortization of vessels) from the operating results.

Company management uses EBITDA:

- as a measure of operating performance because it assists the Company in comparing its performance on a consistent basis as it removes the impact of capital structure and asset base from its operating results;
- in presentations to the board of directors to enable them to have the same consistent measurement basis of operating performance used by Company management
- as a measure for planning and forecasting overall expectations and for evaluating actual results against such expectations
- as a basis for incentive cash bonuses paid to the executive officers and other shore-based employees
- to assess compliance with financial ratios and covenants included in the revolving credit facility and the indenture governing the Company's senior notes; and
- in communications with lenders, senior note holders, rating agencies and others, concerning the Company's financial performance

In March 2003, the Securities and Exchange Commission ("SEC") adopted rules regulating the use of non-GAAP financial measures, such as EBITDA, in filings with the SEC, disclosures and press releases. These rules require non-GAAP financial measures to be presented with and reconciled to the most nearly comparable financial measure calculated and presented in accordance with GAAP. The above table reconciles EBITDA with the Company's net income.