

# HERCULES OFFSHORE, INC.

## Code of Business Conduct and Ethics

### Introduction

This Code of Business Conduct and Ethics (this “Code”) covers a wide range of business practices and procedures affecting all directors, officers and employees (collectively, the “Covered Persons”) of Hercules Offshore, Inc. (together with its subsidiaries, the “Company”). It does not cover every issue that may arise, but it sets out basic principles to guide the Covered Persons. The Company expects all Covered Persons to conduct themselves accordingly and seek to avoid even the appearance of improper behavior. This Code also must be provided to, and applicable portions must be followed by, the Company’s agents and representatives, including consultants. Those who violate the standards in this Code will be subject to disciplinary action, including potential dismissal from the Company, civil prosecution or claims for damages or losses. *If a Covered Person is in a situation that he or she believes may violate or lead to a violation of this Code, he or she must follow the guidelines described in Section 17 of this Code.*

Procedures for expressing concerns about accounting, internal accounting controls or auditing matters are set forth in Section 9 of this Code.

Sections 1, 2, 16 and 18 of this Code also constitute the Company’s code of ethics applicable to its principal executive officer, principal financial officer, principal accounting officer or controller and other professionals serving in a finance, treasury, tax or investor relations role (“Covered Executives and Financial Professionals”) contemplated by Section 406 of the Sarbanes-Oxley Act of 2002.

Covered Persons are also required to comply with the Company’s Ethics Manual, which complements this Code. A copy of the Company’s Ethics Manual can be found under the Corporate Governance section of the Company’s website, [www.herculesoffshore.com](http://www.herculesoffshore.com).

### 1. Compliance with Laws, Rules and Regulations

All Covered Persons must respect and comply with applicable laws, rules and regulations of the jurisdictions in which the Company operates. Although not all Covered Persons are expected to know the details of these laws, it is important to know enough to determine when to seek advice from supervisors, managers or other appropriate personnel. Covered Persons must immediately bring to the attention of appropriate senior management evidence of a potential material violation of laws, rules or regulations applicable to the Company, by the Company or anyone acting on its behalf. From time to time, the Company may hold information and training sessions to promote compliance with applicable laws, rules and regulations, including insider trading laws.

## **2. Honest and Ethical Conduct; Conflicts of Interest**

In carrying out their duties and responsibilities, Covered Persons must engage in and promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships. Covered Persons must strive to identify and raise potential issues before they lead to problems.

A “conflict of interest” exists when an individual’s personal interest is in any way adverse to or otherwise in conflict with the interests of the Company. A conflict situation can arise when a Covered Person takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest may also arise when a Covered Person, or members of his or her family, receives improper personal benefits because of his or her position in the Company. Loans to, or guarantees of obligations of, Covered Persons and their family members may create conflicts of interest. It is almost always a conflict of interest for a Company employee to work simultaneously for a competitor, customer or supplier. Covered Persons are not allowed to work for a competitor as a consultant or board member. The best policy is to avoid any direct or indirect business connection with the Company’s customers, suppliers or competitors, except on the Company’s behalf. Conflicts of interest are prohibited as a matter of Company policy, except under guidelines approved by the Board. These guidelines are set forth in the Company’s Policy Regarding Covered Transactions with Related Persons, which can be found under the Corporate Governance section of the Company’s website, [www.herculesoffshore.com](http://www.herculesoffshore.com). When a question or uncertainty arises with respect to a potential conflict of interest, each affected Covered Person must immediately consult with higher levels of management. Any Covered Person who becomes aware of a conflict or potential conflict must immediately bring it to the attention of a supervisor, manager or other appropriate personnel or consult the procedures described in Section 17 of this Code.

## **3. Insider Trading**

If a Covered Person has material non-public information relating to the Company or any of its affiliates or any of their respective customers or vendors, neither the Covered Person nor any person related to the Covered Person (including the Covered Person’s spouse, minor children, other dependents or other adults living in the Covered Person’s household), may buy or sell securities of those firms, or engage in any other action to take advantage of, or pass on to others that information. Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) are not an exception. All Company personnel at every level must strictly comply with this policy. Moreover, Covered Persons are cautioned not to engage in any transactions in which they may even appear to be trading while in possession of material non-public information or to “tip” others who might make an investment decision on the basis of that information. Failure to observe this policy may result in serious legal difficulties, including criminal penalties, for the Covered Person and the Company under applicable insider trading laws. Virtually all countries with established securities markets have these laws.

#### **4. Corporate Opportunities**

Covered Persons are prohibited from taking personally for themselves opportunities that are discovered using Company property, information or position, or which are developed on Company time, without the consent of the Board. No Covered Person may use Company property, information, or position for improper personal gain, and no Covered Person may compete with the Company directly or indirectly. Covered Persons owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

#### **5. Competition and Fair Dealing; Business Gifts and Entertainment**

The Company seeks to outperform its competition fairly and honestly. The Company seeks competitive advantages through superior performance and never through unethical or illegal business practices. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. Each Covered Person shall endeavor to respect the rights of and deal fairly with the Company's customers, vendors, competitors and employees. No Covered Person should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other intentional unfair dealing practice.

The purpose of business gifts and entertainment in a commercial setting is to create goodwill and sound working relationships, not to gain unfair advantage with customers. No gift or entertainment should ever be offered, given, provided or accepted by any Covered Person or family member of a Covered Person unless it: (1) is not a gift of cash, stock, or bonds, (2) is given under circumstances in which the giving of gifts is customary, (3) is not excessive in value, (4) cannot be construed as a bribe, payoff, or kickback and (5) does not violate any U.S. or foreign laws, rules or regulations including, among other laws, the Foreign Corrupt Practices Act described in Section 13. Please discuss with your supervisor or manager any gifts or proposed gifts which you are not certain are appropriate.

#### **6. Anti-Trust Laws**

The Company is committed to conducting its business in an open, vigorous and competitive manner. The United States, the European Union and many other countries regulate and some instances prohibit certain types of anti-competitive behavior. The Company's policy is to comply with both the letter and the spirit of the antitrust and competition laws of the jurisdictions where it operates. Violations of the law can result in severe penalties, including personal criminal liability. Due to the complexity of antitrust and competition laws it would be impossible to provide a detailed discussion of them in this Code. Nevertheless, the following examples illustrate practices that are prohibited:

- Competitors acting in concert to fix prices or other terms and conditions of operating for customers or potential customers;
- Bid rigging;
- The allocation of markets, whether geographically or otherwise, by competitors;

- The sharing of information by competitors about present and future pricing of services which they sell or intend to sell; and
- The concerted refusal to deal with a customer. The Company has the right to unilaterally select the customers with whom it will do business. However, this right must be exercised alone without suggestion from competitors or other customers.

## **7. Discrimination and Harassment**

The diversity of the Company's employees is a tremendous asset. The Company is firmly committed to ensuring that all employees and applicants are not subjected to unlawful discrimination in the hiring process and in any term and condition of employment. Moreover, the Company is committed to providing a workplace free of unlawful harassment, intimidation, threats, and coercion.

The Company makes all employment decisions (including decisions about hiring, promotion, transfer, demotion, evaluation, compensation, and termination) without regard to race, color, national origin, sex, pregnancy, religion, age, disability, service in the uniformed services, or any other classification protected by applicable law.

The Company does not and will not permit harassment of its employees based on sex, race, color, religion, national origin, age, disability, or any other protected class. The Company will not tolerate harassment in any form, whether it is committed by directors, officers, managers, employees, or non-employees. All managers and supervisors will be responsible for preventing and eliminating harassment.

## **8. Health and Safety**

The Company strives to provide each employee with a safe and healthful work environment. Each employee has responsibility for maintaining a safe and healthy workplace for all employees by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions. Violence and threatening behavior are not permitted. Covered Persons must report to work in condition to perform their duties, free from the influence of illegal drugs or alcohol. The use of illegal drugs in the workplace will not be tolerated.

## **9. Record Keeping**

The Company requires honest and accurate recording and reporting of information in order to make responsible business decisions. For example, only the true and actual number of hours worked should be reported. Many employees regularly use business expense accounts, which must be documented and recorded accurately. If you are not sure whether a certain expense is appropriate, legitimate or reasonable, ask your supervisor or your manager prior to incurring such expense.

All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions and must conform both to applicable legal requirements and to the Company's system of internal

controls. Unrecorded or “off the books” funds or assets shall not be maintained unless permitted by applicable law or regulation.

Business records and communications often become public, and we should avoid exaggeration, derogatory remarks, guesswork or inappropriate characterizations of people and companies. This applies equally to e-mail, internal memos and formal reports. Records must always be retained or destroyed according to the Company’s record retention policies. In accordance with those policies, in the event of any actual or reasonably anticipated litigation or governmental investigation, please consult the Company’s General Counsel or Chief Financial Officer prior to the destruction of any documents related to such litigation or governmental investigation.

## **10. Procedures for Expressing Concerns about Accounting and Auditing Matters**

Any employee of the Company may submit a good faith concern or complaint regarding accounting, internal control or auditing matters to the Company without fear of dismissal or retaliation of any kind. The Company’s Audit Committee will oversee treatment of employee concerns in this area.

The Audit Committee has established the following procedures for (1) the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and (2) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

Employees or others with concerns regarding accounting, internal control or auditing matters may report their concerns to the Company’s Chief Compliance Officer, James Noe. Employees may make submissions on a confidential or anonymous basis to Mr. Noe by phone (713-350-5100), email (jnoe@herculesoffshore.com) or regular mail (9 Greenway Plaza, Suite 2200, Houston, Texas 77046). If for any reason an employee believes submission of the concern to Mr. Noe would be inappropriate, the submission may instead be made to the Chairman of the Audit Committee in an envelope marked “Confidential” and addressed to the “Chairman of the Audit Committee” in care of Hercules Offshore, Inc., attention Corporate Secretary. In addition, employees may report their concerns through the Company’s anonymous, confidential “hotline.” The details of this program can be found on the Company’s website.

These procedures relate to concerns or complaints relating to any questionable accounting or auditing matters, including but not limited to the following:

- fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of the Company;
- fraud or deliberate error in the recording and maintaining of financial records of the Company;
- deficiencies in or noncompliance with the Company’s internal accounting controls;

- misrepresentation or false statement to or by a senior officer or accountant regarding a matter contained in the financial records, financial reports or audit reports of the Company; or
- other failure of the Company's financial statements to present fairly, in all material respects, the financial condition and results of operations of the Company.

A submission should include a description of the questionable accounting, internal control or auditing matter in as much detail as can reasonably be provided. Upon receipt of a submission, a determination will be made whether it actually pertains to accounting, internal control or auditing matters. When possible, or unless an employee submission is made anonymously, receipt will be acknowledged to the sender. Submissions relating to accounting, internal control or auditing matters will be reviewed under Audit Committee direction and oversight by such persons as the Audit Committee determines to be appropriate. Confidentiality of employee submissions will be maintained to the fullest extent possible, consistent with the need to conduct an adequate review.

Prompt and appropriate corrective action will be taken when and as warranted in the judgment of the Audit Committee. The Company will not discharge, demote, suspend, threaten, harass or in any manner discriminate against any employee in the terms and conditions of employment based upon any lawful actions of such employee with respect to good faith reporting of concerns regarding accounting, internal control or auditing matters or otherwise as specified in Section 806 of the Sarbanes-Oxley Act of 2002.

A record will be maintained of all submissions made under this procedure, tracking their receipt, investigation and resolution. Copies of submissions will be maintained in accordance with the Company's document retention policy.

## **11. Confidentiality**

Any non-public information entrusted to Covered Persons by the Company or its vendors or customers is confidential, whether or not so marked. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company or its vendors or customers, if disclosed.

Confidential information may be used only for a purpose that is necessary to the carrying out of the Covered Person's duties as an employee, officer or director of the Company and may not be disclosed to third parties unless legally mandated or otherwise approved by the Company's Chief Executive Officer or Chief Financial Officer.

All information, whether written or otherwise, regarding the Company's business, including but not limited to information regarding customers, customer lists, employees, employee salaries, costs, prices, earnings, any financial or cost reports, services, equipment, systems, procedures, operations, potential acquisitions, new location plans, prospective and executed contracts, and other business arrangements, is presumed to be confidential and proprietary information of the Company. All such information is a trade secret owned exclusively by the Company and shall at all times be kept confidential.

Upon termination of employment with the Company, all Covered Persons must return to the Company all books, records, lists, and other written, typed or printed material, whether furnished by the Company or prepared by the Covered Person, which contain any information relating to the Company's business. Covered Persons may neither make nor retain any copies of such materials after termination of their employment.

The obligation to preserve confidential information continues even after employment ends.

## **12. Protection and Proper Use of Company Assets**

All Covered Persons have an obligation to protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability. Company assets include, but are not limited to, such things as electronic mail, computer systems, documents, equipment, facilities, information, the Company's logo and name, materials and supplies. Any use of these assets for purposes other than the discharge of Company business is to be avoided. Moreover, the use of the Company's assets and resources for personal financial gain is strictly prohibited. Any suspected incident of fraud or theft must be immediately reported for investigation.

The obligation of Covered Persons to protect the Company's assets includes its proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks and copyrights, as well as business, marketing and service plans, engineering and manufacturing ideas, designs, databases, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate Company policy. It could also be illegal and result in civil or even criminal penalties.

## **13. Foreign Corrupt Practices Act**

All Covered Persons are required to comply strictly with the U.S. Foreign Corrupt Practices Act (the "FCPA"). In essence, no Covered Person may make or promise to make, directly or indirectly, any payment of money or object of value to any foreign official of a government or a political party, or a candidate for political office, that is for the purpose of inducing or influencing such person to act in any way to assist the Company in obtaining or retaining business for or with the Company.

Facilitating payments of a reasonable and customary amount paid to lower-level government officials in foreign countries to perform non-discretionary functions or services that they are obligated to perform are not illegal under United States law if such payments are customary in a particular country and are the only feasible way to obtain government services or action to which the Company is legally entitled. However, such facilitating payments may not be legal under local law. Legal advice concerning any such proposed payment must be sought in advance from the Company's General Counsel, unless it is reasonably impracticable or such payment is made in circumstances involving an imminent threat to the safety, health, or welfare of any Covered Person or his or her family members. In any event, all payments that are made to government officials, including facilitating payments, must be reported to the General Counsel and Chief Financial Officer and accurately accounted for in the books and records of the Company.

If in doubt, ask for assistance. If any Covered Person has a question about a payment or is aware of any violation of this policy, he or she must promptly contact the Company's General Counsel or Chief Financial Officer.

The FCPA also requires that the Company's books, records and accounts be kept in reasonable detail to reflect accurately and fairly all transactions.

#### **14. Waivers**

Any waiver of this Code for executive officers or directors may be made only by the Board or a Board committee and will be promptly disclosed as required by law or stock exchange regulation.

#### **15. Reporting Any Illegal or Unethical Behavior**

Employees are encouraged to talk to supervisors, managers or other appropriate personnel about observed illegal or unethical behavior and when in doubt about the best course of action in a particular situation. It is the policy of the Company not to allow retaliation for reports of misconduct by others made in good faith by employees. Employees are expected to cooperate in internal investigations of misconduct.

#### **16. Full and Fair Disclosure; Periodic Reports and other Government Filings**

It is the Company's policy that the information in its public communications, including periodic reports and other filings with the Securities and Exchange Commission, be timely and understandable and fair, complete and accurate in all material respects. Employees with responsibilities related to the preparation of these filings and communications, including Covered Executives and Financial Professionals designated in the Introduction above, shall exercise diligence and care to do their part in acting in furtherance of this policy. All Covered Persons are prohibited from knowingly misrepresenting, omitting, or causing others to misrepresent or omit, material facts about the Company to anyone having a role in the Company's financial reporting and disclosure processes. Covered Persons must not directly or indirectly take any action to fraudulently induce, coerce, manipulate or mislead the Company's independent auditors for the purpose of rendering the financial statements of the Company misleading, or direct anyone else to do so. To the extent a Covered Person believes that any of the Company's periodic reports contain any materially false or misleading information, he or she is encouraged to follow the procedures outlined in Section 17 below and to report any concerns, if necessary, through the procedure described in Section 10 above.

Each Covered Executive and Financial Professional must promptly bring to the attention of the Company's Audit Committee any material information of which he or she may become aware that affects the disclosures made by the Company in its public filings or otherwise, and to otherwise assist the Audit Committee in fulfilling its responsibilities. In addition, each Covered Executive and Financial Professional must promptly bring to the attention of the Audit Committee any information he or she may have concerning (a) significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data or (b) any fraud,

whether or not material, that involves management or other employees who have a significant role in the Company's financial reporting, disclosures or internal controls.

Covered Persons responsible for preparing reports and filings with agencies other than the Securities and Exchange Commission, whether in the United States or other jurisdictions, should take care to see that they are prepared accurately and in compliance with applicable requirements.

## **17. Compliance Procedures**

The Company and all Covered Persons must work together to ensure prompt and consistent action against violations of this Code. However, in some situations it is difficult to know right from wrong. Because it is not possible to anticipate every situation that will arise, the Company has set forth below a way to approach a new question or problem. These are the steps to keep in mind:

- Make sure you have all the facts. In order to reach the right solutions, we must be as fully informed as possible.
- Ask yourself: What specifically am I being asked to do? Does it comply with the Company's guiding principles of fairness, honesty, and transparency? Is the action legal? Does it seem unethical or improper? This will enable you to focus on the specific question you are faced with, and the alternatives you have. Use your judgment and common sense; if something seems unethical or improper, it probably is.
- Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.
- Discuss the problem with your supervisor. This is the basic guidance for all situations. In many cases, your supervisor will be more knowledgeable about the question, and will appreciate being brought into the decision-making process. Remember that it is your supervisor's responsibility to help solve problems.
- Seek help from Company resources. In the rare case where it may not be appropriate to discuss an issue with your supervisor, or where you do not feel comfortable approaching your supervisor with your question, discuss it with the Company's Vice President of Human Resources. If that also is not appropriate, speak with the Company's General Counsel or Chief Financial Officer.
- You may report ethical violations in confidence and without fear of retaliation. If your situation requires that your identity be kept secret, your anonymity will be protected. The Company does not permit retaliation of any kind against employees for good faith reports of ethical violations.
- Always ask first, act later: If you are unsure of what to do in any situation, seek guidance before you act.

## **18. Other Provisions Applicable to Covered Executives and Financial Professionals**

Each Covered Executive and Financial Professional will be held accountable for his or her adherence to this Code. Each Covered Executive and Financial Professional is responsible for reporting any violation of Paragraphs 1, 2, 16 or 18 of this Code, or circumstances the Covered Executive or Financial Professional considers to involve a probable violation, to the Chairman of the Company's Audit Committee in an envelope addressed to the "Chairman of the Audit Committee" in care of the Company's Corporate Secretary. Employees may choose to remain anonymous in reporting violations or circumstances that may involve violations by marking such envelope "Confidential".

## **19. Public Disclosure**

This Code and all revisions and amendments hereto will be posted on the Company's website.