

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	Chapter 11
)	
HERCULES OFFSHORE, INC., <i>et al.</i> ,)	Case No. 15-_____(____)
)	
Debtors. ¹)	
)	

**NOTICE OF (A) NON-VOTING STATUS WITH RESPECT
TO THE DEBTORS’ PLAN AND (B) ELECTION TO OPT OUT OF
VOLUNTARY RELEASE OF CLAIMS BY HOLDERS OF HERO EQUITY INTERESTS**

PLEASE TAKE NOTICE THAT Hercules Offshore, Inc. and certain of its affiliates (collectively, the “Debtors”) have commenced the solicitation of votes to accept the *Debtors’ Joint Prepackaged Chapter 11 Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code* (the “Plan”).² Copies of the Plan and the related Disclosure Statement can be obtained at cases.primeclerk.com/hercules. The Debtors have not filed for relief under chapter 11 of the Bankruptcy Code and no court has approved the Disclosure Statement or the Plan.

You are receiving this notice (the “Notice”) because, according to the Debtors’ books and records, you are a Holder of a HERO Equity Interest in Class 7 under the Plan. Under the terms of the Plan, holders of HERO Equity Interests are Impaired and deemed to reject the Plan under section 1126(g) of the Bankruptcy Code. Accordingly, holders of HERO Equity Interests are not entitled to vote to accept or reject the Plan.

WHILE YOU ARE NOT ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN, THE OPT OUT ELECTION ATTACHED HERETO AS EXHIBIT A PROVIDES YOU WITH THE SEPARATE OPTION TO NOT GRANT THE VOLUNTARY RELEASE OF CLAIMS CONTAINED IN ARTICLE VII.F OF THE PLAN. THE PLAN PROVIDES THAT HOLDERS WHO GRANT THE RELEASE WILL RECEIVE THEIR PRO RATA SHARE OF THE SHAREHOLDER EQUITY DISTRIBUTION AND THE NEW HERO WARRANTS.

Under Article III.D.7 of the Plan, HERO Equity Interests shall be cancelled and discharged and shall be of no further force or effect, whether surrendered for cancellation or otherwise, and holders of HERO Equity Interests shall not receive or retain any property under the Plan on account of such HERO Equity Interests. Notwithstanding the foregoing, on or as soon as practicable after the Effective Date, holders of HERO Equity Interests shall receive, in

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Cliffs Drilling Company (8934); Cliffs Drilling Trinidad L.L.C. (5205); FDT LLC (7581); FDT Holdings LLC (4277); Hercules Drilling Company, LLC (2771); Hercules Liftboat Company, LLC (0791); Hercules Offshore, Inc. (2838); Hercules Offshore Services LLC (1670); Hercules Offshore Liftboat Company LLC (5303); HERO Holdings, Inc. (5475); SD Drilling LLC (8190); THE Offshore Drilling Company (4465); THE Onshore Drilling Company (1072); TODCO Americas Inc. (0289); and TODCO International Inc. (6326).

² Capitalized terms not otherwise set forth herein have the meaning ascribed to them in the Plan.

exchange for the surrender or cancellation of their HERO Equity Interests and for the releases by such holders of the Released Parties, their Pro Rata share of (1) the Shareholder Equity Distribution and (2) the New HERO Warrants; provided, however, that any holder of a HERO Equity Interest that opts not to grant the voluntary releases contained in Article VII.F of the Plan shall not be entitled to receive its Pro Rata share of the Shareholder Equity Distribution and the New HERO Warrants and shall not receive any consideration in exchange for the surrender or cancellation of its HERO Equity Interests or any distribution whatsoever under the Plan.

THE AMOUNT OF THE DEBTORS' LIABILITIES EXCEEDS THE VALUE OF THEIR ASSETS, AND THUS, HOLDERS OF HERO EQUITY INTERESTS ARE SUBSTANTIALLY "OUT OF THE MONEY" UNDER ABSOLUTE PRIORITY PRINCIPLES APPLICABLE UNDER THE UNITED STATES BANKRUPTCY CODE. THEREFORE, HOLDERS OF HERO EQUITY INTERESTS THAT ELECT TO OPT OUT OF THE RELEASE PROVISIONS IN ARTICLE VII.F OF THE PLAN SHALL NOT RECEIVE THE PRO RATA SHARE OF THE SHAREHOLDER EQUITY DISTRIBUTION AND NEW HERO WARRANTS THAT THEY WOULD OTHERWISE BE ENTITLED TO RECEIVE UNDER THE PLAN AND SHALL NOT RECEIVE ANY CONSIDERATION OR DISTRIBUTION WHATSOEVER UNDER THE PLAN. ADDITIONALLY, AFTER AN ELECTION TO OPT OUT IS MADE BY A HOLDER OF HERO EQUITY INTERESTS, UNLESS THE OPT OUT ELECTION IS WITHDRAWN PRIOR TO THE OPT OUT DEADLINE, SUCH ELECTION WILL BE BINDING ON ANY BUYER OF SUCH HERO EQUITY INTERESTS IN ANY SUBSEQUENT SALE OR RE-SALE OF THE SHARES PRIOR TO THE DATE SUCH SHARES ARE CANCELLED. SEE SECTION XI.D OF THE DISCLOSURE STATEMENT.

IF YOU WISH TO OPT OUT OF THE RELEASE PROVISIONS IN ARTICLE VII.F OF THE PLAN AND CONSEQUENTLY TO FOREGO YOUR RIGHT TO RECEIVE YOUR PRO RATA SHARE OF THE SHAREHOLDER EQUITY DISTRIBUTION AND THE NEW HERO WARRANTS, YOU MUST COMPLETE THE STEPS SET FORTH IN THE INSTRUCTIONS ON THE OPT OUT ELECTION BY AUGUST 12, 2015 AT 5:00 P.M. (PREVAILING EASTERN TIME) (THE "OPT-OUT DEADLINE").

IF YOU FAIL TO PROPERLY COMPLETE AND SUBMIT THE OPT OUT ELECTION PRIOR TO THE OPT-OUT DEADLINE, YOU WILL BE DEEMED TO HAVE CONSENTED TO THE RELEASE PROVISIONS IN ARTICLE VII.F OF THE PLAN AND YOU WILL RECEIVE YOUR PRO RATA SHARE OF THE SHAREHOLDER EQUITY DISTRIBUTION AND THE NEW HERO WARRANTS UNDER THE PLAN.

If you have any questions concerning this Notice, the Disclosure Statement, the Plan, or the procedures set forth in the Opt Out Election; or wish to obtain a paper copy of the Plan, the Disclosure Statement or any exhibits to such documents, please contact Prime Clerk, LLC (the "Voting Agent"), the Debtors' Voting Agent, at Hercules Balloting, c/o Prime Clerk, LLC, 830 Third Ave., 9th Floor, New York, NY 10022, by calling 844-241-2770 (Toll Free) or 929-342-0757 (International), or by email at herculesballots@primeclerk.com.

Exhibit A

Opt Out Election

Article VII.F of the *Debtors' Joint Prepackaged Chapter 11 Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code* (the "Plan")³ contains a voluntary third-party release (the "Release") that binds Releasing Parties, which is described in greater detail below. Releasing Parties include holders of HERO Equity Interests that do not opt out of the Release by properly completing the steps set forth in this Opt Out Election.

THE AMOUNT OF THE DEBTORS' LIABILITIES EXCEEDS THE VALUE OF THEIR ASSETS AND THUS, HOLDERS OF HERO EQUITY INTERESTS ARE SUBSTANTIALLY "OUT OF THE MONEY" UNDER ABSOLUTE PRIORITY PRINCIPLES APPLICABLE UNDER THE UNITED STATES BANKRUPTCY CODE. THEREFORE, HOLDERS OF HERO EQUITY INTERESTS THAT ELECT TO OPT OUT OF THE RELEASE SHALL NOT RECEIVE THE PRO RATA SHARE OF THE SHAREHOLDER EQUITY DISTRIBUTION AND NEW HERO WARRANTS THAT THEY WOULD OTHERWISE BE ENTITLED TO RECEIVE UNDER THE PLAN AND SHALL NOT RECEIVE ANY CONSIDERATION OR DISTRIBUTION WHATSOEVER UNDER THE PLAN. ADDITIONALLY, AFTER AN ELECTION TO OPT OUT IS MADE BY A HOLDER OF HERO EQUITY INTERESTS, UNLESS THE OPT OUT ELECTION IS WITHDRAWN PRIOR TO THE OPT OUT DEADLINE, SUCH ELECTION WILL BE BINDING ON ANY BUYER OF SUCH HERO EQUITY INTERESTS IN ANY SUBSEQUENT SALE OR RE-SALE OF THE SHARES PRIOR TO THE DATE SUCH SHARES ARE CANCELLED. SEE SECTION XI.D OF THE DISCLOSURE STATEMENT.

IF YOU (I) ABSTAIN FROM COMPLETING THIS OPT OUT ELECTION OR (II) YOU FAIL TO PROPERLY COMPLETE THIS OPT OUT ELECTION AND SUBMIT IT BY THE OPT OUT DEADLINE, YOU WILL BE DEEMED TO HAVE GRANTED THE RELEASE, AND YOU WILL RECEIVE YOUR PRO RATA SHARE OF THE SHAREHOLDER EQUITY DISTRIBUTION AND THE NEW HERO WARRANTS UNDER THE PLAN.

Opt Out Instructions

If Your HERO Equity Interests Are Held Through DTC:

Holders of HERO Equity Interests that are held through DTC who wish to opt out of the Release must electronically deliver their instruction to opt out ("Electronic Opt Out") in accordance with DTC's ATOP Procedures as set forth herein. An Opt Out Election should not be delivered to (i) the Debtors' voting agent, Prime Clerk, LLC (the "Voting Agent") if you do not hold your HERO Equity Interests directly or (ii) the Debtors. In order for the Electronic Opt Out to be effective with respect to a Holder's HERO Equity Interests, the Electronic Opt Out must be received by DTC by August 12, 2015 at 5:00 p.m. (Prevailing Eastern Time) (the "Opt Out Deadline"). If you fail to deliver an Electronic Opt Out in accordance with the instructions set forth herein, you will be deemed to have consented to the Release.

ONCE A HOLDER DELIVERS AN ELECTRONIC OPT OUT TO DTC, THE HOLDER WILL NO LONGER HAVE THE RIGHT TO SELL OR TRANSFER ANY HERO EQUITY INTERESTS EXCEPT IF THE HOLDER WITHDRAWS THE OPT OUT ELECTION PRIOR TO THE OPT OUT DEADLINE OR, TO THE EXTENT PERMITTED AND APPLICABLE REQUIREMENTS ARE MET, IN CERTAIN OTHER LIMITED CIRCUMSTANCES. SEE SECTION XI.D OF THE DISCLOSURE STATEMENT.

Any beneficial owner whose HERO Equity Interests are held through a broker, dealer, commercial bank, trust company or other nominee and who wishes to opt out of the Release should contact the Holder of its HERO Equity Interests promptly and instruct such Holder to deliver an Electronic Opt Out on its behalf. DTC will authorize DTC Participants ("DTC Participants") set forth in the position listing of DTC to deliver Electronic Opt Outs as if they were the Holders of the HERO Equity Interests held of record in the name of DTC or the name of its nominee as of the Opt Out Deadline. Accordingly, for purposes of this Opt Out Election, the term "Holder" shall be deemed to include such DTC Participants.

DTC has determined that the election to opt out of the Release is eligible for the DTC Automated Tender Offer Program ("ATOP"). Accordingly, DTC Participants that would like to opt out of the Release must electronically

³ Capitalized terms in this Opt Out Election not otherwise defined shall have the meaning ascribed to them in the Plan.

deliver the Electronic Opt Out by causing DTC to transfer their HERO Equity Interests into a segregated contra account established by the Voting Agent for purposes of this Solicitation in accordance with DTC's ATOP procedures for such a transfer. By making such a transfer, DTC Participants will be deemed to have delivered an Electronic Opt Out with respect to any HERO Equity Interests so transferred. DTC will verify the transfer and the electronic delivery of such Opt Out and then send an Agent's Message (as defined herein) to the Voting Agent for its acceptance. DTC Participants desiring to deliver an Electronic Opt Out prior to the Opt Out Deadline should note that they must allow sufficient time for completion of the ATOP procedures during normal business hours of DTC. DTC Participants must instruct their nominee to transfer all of their HERO Equity Interests through DTC's ATOP Procedures into the segregated contra account and are not permitted to split their position.

The term "Agent's Message" means a message transmitted by DTC, received by the Voting Agent and forming part of the Book-Entry Confirmation (as defined below), which states that (i) DTC has received an express acknowledgement from the DTC Participant delivering an Electronic Opt Out with respect to the HERO Equity Interests that are the subject of such Book-Entry Confirmation, (ii) such DTC Participant, on behalf of the beneficial owner of the HERO Equity Interests, has received and agrees to be bound by the terms of the Opt Out and the Plan and (iii) the Company may enforce such agreement against you.

The Voting Agent will seek to establish a new segregated contra account with respect to the HERO Equity Interests at DTC (the "Book-Entry Transfer Facility") promptly after the date of this Statement (to the extent that such arrangements have not been made previously by the Voting Agent), and any financial institution that is a participant in the Book-Entry Transfer Facility system as the owner of HERO Equity Interests may make bookentry delivery of HERO Equity Interests by causing the Book-Entry Transfer Facility to transfer such HERO Equity Interests into the segregated ATOP contra account in accordance with the Book-Entry Transfer Facility's procedures for such transfer. The confirmation of a book-entry transfer of HERO Equity Interests into the segregated ATOP contra account at the Book-Entry Transfer Facility as described above is referred to herein as a "Book-Entry Confirmation." Delivery of instructions to the Book-Entry Transfer Facility in accordance with such Book-Entry Transfer Facility's procedures constitutes delivery to the Voting Agent.

HERO Equity Interests with respect to which Electronic Opt Outs have been validly delivered will be placed in a contra CUSIP number and placed in a segregated contra account at DTC during the period beginning on the date the Electronic Opt Out is effected. Upon delivery of an Electronic Opt Out, the HERO Equity Interests subject to such Opt Out may only be transferred in accordance with procedures acceptable to DTC. The Debtors will use reasonable efforts to coordinate with the Voting Agent and with DTC and cooperate with Holders to facilitate such transfers.

To ensure timely receipt of an Electronic Opt Out, any beneficial owner should check with its record holder as to the processing time required and deliver the appropriate instructions well before such time. If such record holder does not have adequate time to process your instructions, your Electronic Opt Out will not be given effect. Please follow the directions provided by your record holder. Each Electronic Opt Out that is properly delivered through ATOP and received by the Voting Agent prior to the Opt Out Deadline (and accepted by the Debtors as such), and not revoked prior to the Opt Out Deadline, will be given effect in accordance with the specifications thereof. No Opt Out Elections should be delivered to the Debtors or the Voting Agent by Holders. The method of delivery of your Opt Out Election to your record holder is at the risk of the Holder. The final delivery of an Electronic Opt Out will be deemed made only when actually delivered by the record holder through ATOP.

All questions as to the validity, form, eligibility (including time of receipt) and acceptance and revocation of an Opt Out will be resolved by us, in our sole discretion, which resolution shall be final and binding.

If Your HERO Equity Interests Are Held Directly:

A completed Opt Out Election should be returned to the Voting Agent in the enclosed envelope. An Opt Out Election should not be delivered to (i) the Voting Agent if you hold your HERO Equity Interests through DTC or (ii) the Debtors. **Completed Opt Out Elections must be received by the Voting Agent by the Opt Out Deadline.** If your Opt Out Election is received after the Opt Out Deadline, your Opt Out Election will not be accepted, and you will be deemed to have consented to the Release. If your Opt Out Election is received and the opt out box below is not checked, you will be deemed to have consented to the Release. Any Opt Out Election that is illegible or does not provide sufficient information to identify the claim holder will not be valid.

If you are completing this Opt Out Election on behalf of an entity, indicate your relationship with such entity and the capacity in which you are signing. In addition, please provide your name and mailing address if different from that set forth in the attached mailing label or if no such mailing label is attached to the Ballot. At the Debtors' discretion (with the consent of the Steering Group), you may be requested to provide proof of your authority to complete the Opt Out Election on behalf of the claim holder.

Release Opt Out Election.

The undersigned, a Holder of HERO Equity Interests:

<input type="checkbox"/> Elects to Opt Out OF THE RELEASE IN ARTICLE VII.F OF THE PLAN AND FOREGO THE DISTRIBUTION UNDER THE PLAN
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IMPORTANT INFORMATION REGARDING THE RELEASE:

Article VII.F of the Plan contains the following provision:

Releases by Holders of Claims and Equity Interests. Any holder of HERO Equity Interests that opts not to grant the releases contained in this Article VII.F shall not receive the New HERO Equity Interests and New HERO Warrants that it would otherwise be entitled to receive under Article III.D.7 of the Plan and will not receive any distribution whatsoever under the Plan.

Except as otherwise specifically provided in the Plan, for good and valuable consideration, including the service of the Released Parties to facilitate the reorganization of the Debtors, the implementation of the restructuring contemplated by the Restructuring Support Agreement or the Plan, and the compromises contained herein, on and after the Effective Date, to the fullest extent permitted by applicable law, the Releasing Parties (regardless of whether a Releasing Party is a Released Party) shall be deemed to conclusively, absolutely, unconditionally, irrevocably and forever release, waive and discharge the Released Parties of any and all claims, obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including: any derivative claims asserted or assertable on behalf of a Debtor or a Non-Debtor Subsidiary, whether known or unknown, foreseen or unforeseen, liquidated or unliquidated, contingent or fixed, existing or hereafter arising, in law, at equity or otherwise, whether for indemnification, tort, contract, violations of federal or state securities laws or otherwise, including, those that any of the Debtors, the Non-Debtor Subsidiaries, the Reorganized Debtors or the Estates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim or Equity Interest or any other Person, based on or relating to, or in any manner arising from, in whole or in part, the Debtors and their Non-Debtor Subsidiaries, the Estates, the conduct of the businesses of the Debtors and their Non-Debtor Subsidiaries, the Chapter 11 Cases, the purchase, sale or rescission of the purchase or sale of any Security of the Debtors, the Non-Debtor Subsidiaries or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Equity Interest that is treated in the Plan, the restructuring of Claims and Equity Interests prior to or during the Chapter 11 Cases, the negotiation, formulation or preparation of the Restructuring Support Agreement, the Plan, the Plan Supplement, the Disclosure Statement, the First Lien Exit Facility Documents, the New HERO Warrant Agreement or, in each case, related agreements, instruments or other documents, any action or omission with respect to Intercompany Claims, any action or omission as an officer, director, agent, representative, fiduciary, controlling person, affiliate or responsible party, or any transaction entered into or affecting, a non-Debtor subsidiary, or upon any other act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date of the Plan, other than claims or liabilities arising out of or relating to any act or omission of a Released Party to the extent such act or omission is determined by a Final Order to have constituted willful misconduct, gross negligence, bad faith, fraud or a criminal act.

Each Person providing releases under the Plan, including the Debtors, the Reorganized Debtors, the Non-Debtor Subsidiaries, the Estates and the Releasing Parties, shall be deemed to have granted the releases set forth in those sections notwithstanding that such Person may hereafter discover facts in addition to, or different from, those which it now knows or believes to be true, and without regard to the subsequent discovery or existence of such different or additional facts, and such Person expressly waives any and all rights that it may have under any statute or common law principle which would limit the effect of such releases to those claims or causes of action actually known or suspected to exist at the time of execution of such release.

The “***Released Parties***” means each of: (a) the Debtors and Reorganized Debtors; (b) the Non-Debtor Subsidiaries; (c) the Steering Group; (d) the Steering Group Members; (e) the Senior Notes Indenture Trustees; and (f) with respect to each of the foregoing Entities in clauses (a) through (e), such Entity’s predecessors, successors and assigns, affiliates, subsidiaries, funds, portfolio companies, management companies, and each of their respective current and former directors, officers, members, employees, partners, managers, independent contractors, agents, representatives, principals, Professionals, consultants, financial advisors, attorneys, accountants, investment bankers, and other professional advisors (each solely in their capacity as such).

The “***Releasing Parties***” means each of: (a) the Senior Notes Indenture Trustees; (b) the Steering Group and the Steering Group Members; (c) any holder of an Impaired Claim that (i) votes to accept the Plan or (ii) either (A) abstains from voting, (B) votes to reject the Plan or (C) is a Non-Eligible Noteholder and, in the case of either (A),(B) or (C), does not opt out of the voluntary release contained in Section VII.F of the Plan by checking the opt out box on the Ballot or Non-Eligible Noteholder Election Form, as applicable, and returning it in accordance with the instructions set forth thereon, indicating that they opt not to grant the releases provided in the Plan; (d) holders of Unimpaired Claims; (e) any holder of a HERO Equity Interest that does not opt out of the voluntary release contained in Section VII.F of the Plan by completing the steps set forth in the Equity Release Consent Notice, and returning it in accordance with the instructions set forth thereon, indicating that they opt not to grant the releases provided in the Plan; (f) the current and former officers and directors of the Debtors, the Reorganized Debtors and the Non-Debtor Subsidiaries; and (g) with respect to each of the foregoing Entities in clauses (a) through (f), such Entity’s predecessors, successors and assigns, affiliates, subsidiaries, funds, portfolio companies, management companies, and each of their respective current and former shareholders, directors, officers, members, employees, partners, managers, independent contractors, agents, representatives, principals, consultants, financial advisors, attorneys, accountants, investment bankers, and other professional advisors (each solely in their capacity as such).