



HERCULES **Offshore**

HERO Liquidating Trust

Asset Valuation Summary as of December 2, 2016
Revised September 26, 2017



Revised and Updated Asset Valuation Summary

Valuation Update

- On September 26, 2017, the Trust posted a revised valuation of the assets transferred to the Trust on December 2, 2016. The previous valuation of assets was posted on April 4, 2017.
- Consistent with the status of the Trust as a “grantor trust,” the net asset value transferred to the Trust represented proceeds realized by beneficiaries (i.e., holders of Wind Down Entity Interests) on their equity interests in Hercules Offshore, Inc. for U.S. federal income tax purposes.
- The final, revised valuation posted simultaneously with this advice via the worksheet “HERO Liquidating Trust Statement of Net Asset Value per Unit as of 12/2/16” gives effect to the allocation of approximately \$49.0 million of cash and liabilities to a disputed ownership fund (“DOF”), reduced from a previously reported \$67.4 million. Under applicable tax law, the DOF is taxed as a separate entity from the Trust. It is anticipated that any amounts remaining in the DOF after all claims have been paid or settled will be distributed to the beneficiaries of the Trust as additional consideration on their equity interests.

2016 Income and Expense Information

- Concurrently with this disclosure, the Trust is posting 2016 (Revised September 26, 2017) income and expense information for use by Trust beneficiaries for preparing their 2016 tax returns.

Disclaimer and Cautions

- The Trust cautions that the outcome of sales and resolution of liabilities and claims are subject to change. The actual outcome will differ from this estimate and differences could be material. There is no assurance that new claims will not arise.
- The valuation estimate is being provided only for the purpose of constituting a value to be used by the Debtors, the Trust, holders of the Wind Down Entity Interests and holders of the Lender Wind Down Claim for tax reporting purposes.
- The valuation estimate is not intended to represent the likely amounts to be realized by holders of the Wind Down Entity Interests or the Lender Wind Down Claim. Operating costs and the cost of completing the wind down have not been deducted.



HERO Liquidating Trust

EIN: 81-4467448

Statement of Net Asset Value per Unit as of 12/2/16 Per Unit Calculation: 19,988,741 Units Outstanding

Description	Trust Totals	Disputed Ownership Fund	<i>Trust Value Attributable to:</i>	
			Wind-Down Claimholders	Trust Beneficiaries
Assets				
Cash	170,590,239	(49,000,000)		
Accounts Receivable	42,497,936			
Property & Equipment	216,821,826			
Other Assets	5,502,115			
Total Assets	435,412,116			
Liabilities				
Liabilities and Claims	(96,360,650)	49,000,000		
Net Total	339,051,466			
 Value Attributable to:				
Wind-Down Claimholders	254,326,604		254,326,604	
Trust Beneficiaries	84,724,862			84,724,862
Net Total	339,051,466			
Total number of Units Held by Trust Beneficiaries				19,988,741
Trust Value per Unit				4.23863

NOTES:

This document should be viewed in connection with the other tax information provided for 2016, which includes the Taxable Information (Revised 9-26-17).

The schedule is available on the website: <https://cases.primeclerk.com/herculesinfo>.

This document does not provide legal or tax advice. Beneficiaries are urged to consult with their tax advisors as to the consequences of the establishment and operation of the HERO Liquidating Trust



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