

HORNBECK OFFSHORE SERVICES INC /LA  
Form 10-K  
February 28, 2019

Table of Contents

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-K

ý ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the Fiscal Year Ended December 31, 2018

OR  
.. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934

For the Transition Period from                      to  
Commission File Number 001-32108

Hornbeck Offshore Services, Inc.  
(Exact Name of Registrant as Specified in Its Charter)

Delaware                                      72-1375844  
(State or other jurisdiction of              (I.R.S. Employer  
incorporation or organization)      Identification Number)

103 Northpark Boulevard  
Covington, Louisiana 70433  
(985) 727-2000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of exchange on which registered
Common Stock, \$0.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Edgar Filing: HORNBECK OFFSHORE SERVICES INC /LA - Form 10-K

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.  x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)  Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No  x

The aggregate market value of the Common Stock held by non-affiliates computed by reference to the price at which the Common Stock was last sold as of the last day of registrant's most recently completed second fiscal quarter is \$137,076,200.

The number of outstanding shares of Common Stock as of January 31, 2019 is 37,700,614 shares.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the Registrant's definitive 2019 proxy statement, anticipated to be filed with the Securities and Exchange Commission within 120 days after the close of the Registrant's fiscal year, are incorporated by reference into Part III of this Annual Report on Form 10-K.

---

Table of Contents

HORNBECK OFFSHORE SERVICES, INC. AND SUBSIDIARIES  
FORM 10-K  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018  
TABLE OF CONTENTS

<u>PART I</u>	<u>1</u>
<u>Item 1—Business</u>	<u>1</u>
<u>Item 1A—Risk Factors</u>	<u>15</u>
<u>Item 1B—Unresolved Staff Comments</u>	<u>23</u>
<u>Item 2—Properties</u>	<u>24</u>
<u>Item 3—Legal Proceedings</u>	<u>24</u>
<u>Item 4—Mine Safety Disclosures</u>	<u>25</u>
<u>PART II</u>	<u>26</u>
<u>Item 5—Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	<u>26</u>
<u>Item 6—Selected Financial Data</u>	<u>27</u>
<u>Item 7—Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>31</u>
<u>Item 7A—Quantitative and Qualitative Disclosures About Market Risk</u>	<u>44</u>
<u>Item 8—Financial Statements and Supplementary Data</u>	<u>45</u>
<u>Item 9—Changes in and Disagreements with Accountants on Accounting and Financial Disclosures</u>	<u>45</u>
<u>Item 9A—Controls and Procedures</u>	<u>45</u>
<u>Item 9B—Other Information</u>	<u>48</u>
<u>PART III</u>	<u>50</u>
<u>Item 10—Directors, Executive Officers and Corporate Governance</u>	<u>50</u>
<u>Item 11—Executive Compensation</u>	<u>50</u>
<u>Item 12—Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	<u>50</u>
<u>Item 13—Certain Relationships and Related Transactions, and Director Independence</u>	<u>50</u>
<u>Item 14—Principal Accounting Fees and Services</u>	<u>51</u>
<u>PART IV</u>	<u>51</u>
<u>Item 15—Exhibits and Financial Statement Schedules</u>	<u>51</u>
<u>CONSOLIDATED FINANCIAL STATEMENTS</u>	<u>F - 1</u>
<u>SIGNATURES</u>	<u>S - 1</u>
<u>EXHIBIT INDEX</u>	<u>E - 1</u>

Table of Contents

Forward Looking Statements

This Annual Report on Form 10-K contains “forward-looking statements,” as contemplated by the Private Securities Litigation Reform Act of 1995, in which the Company discusses factors it believes may affect its performance in the future. Forward-looking statements are all statements other than historical facts, such as statements regarding assumptions, expectations, beliefs and projections about future events or conditions. You can generally identify forward-looking statements by the appearance in such a statement of words like “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “intend,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “remain,” “should,” “will,” comparable words or the negative of such words. The accuracy of the Company’s assumptions, expectations, beliefs and projections depends on events or conditions that change over time and are thus susceptible to change based on actual experience, new developments and known and unknown risks. The Company gives no assurance that the forward-looking statements will prove to be correct and does not undertake any duty to update them. The Company’s actual future results might differ from the forward-looking statements made in this Annual Report on Form 10-K for a variety of reasons, including impacts from changes in oil and natural gas prices in the U.S. and worldwide; continued weakness in demand and/or pricing for the Company’s services through and beyond the maturity of any of the Company’s long-term debt; unplanned customer suspensions, cancellations, rate reductions or non-renewals of vessel charters, or vessel management contracts, or failures to finalize commitments to charter or manage vessels; continued weak capital spending by customers on offshore exploration and development; the inability to accurately predict vessel utilization levels and dayrates; sustained weakness in the number of deepwater and ultra-deepwater drilling units operating in the GoM or other regions where the Company operates; the Company’s inability to successfully complete the final two vessels of its current vessel newbuild program on-budget, including any failure or refusal by the issuer of performance bonds to cover cost overruns that may result at a completion shipyard; the inability to successfully market the vessels that the Company owns, is constructing or might acquire; the government’s cancellation or non-renewal of the management, operations and maintenance contracts for non-owned vessels; an oil spill or other significant event in the United States or another offshore drilling region that could have a broad impact on deepwater and other offshore energy exploration and production activities, such as the suspension of activities or significant regulatory responses; the imposition of laws or regulations that result in reduced exploration and production activities or that increase the Company’s operating costs or operating requirements; environmental litigation that impacts customer plans or projects; disputes with customers; bureaucratic, administrative or operating barriers that delay vessels in foreign markets from going on-hire; administrative or political barriers to exploration and production activities in Mexico or Brazil; disruption in the timing and/or extent of Mexican offshore activities or changes in law or policy in Mexico that restricts further development of its offshore oilfields; age or other restrictions imposed on the Company’s vessels by customers; unanticipated difficulty in effectively competing in or operating in international markets; less than anticipated subsea infrastructure and field development demand in the GoM and other markets affecting the Company’s MPSVs; sustained vessel over capacity for existing demand levels in the markets in which the Company competes; economic and geopolitical risks; weather-related risks; upon a return to improved operating conditions, the shortage of or the inability to attract and retain qualified personnel, when needed, including vessel personnel for active vessels or vessels the Company may reactivate or acquire; any success in unionizing any of the Company’s U.S. fleet personnel; regulatory risks; the repeal or administrative weakening of the Jones Act or adverse changes in the interpretation of the Jones Act; changes in law or policy in Mexico affecting the Company’s Mexican registration of vessels there; administrative or legal changes in Mexican cabotage laws; other legal or administrative changes in Mexico that adversely impact planned or expected offshore energy development; drydocking delays and cost overruns and related risks; vessel accidents, pollution incidents or other events resulting in lost revenue, fines, penalties or other expenses that are unrecoverable from insurance policies or other third parties; unexpected litigation and insurance expenses; other industry risks; fluctuations in foreign currency valuations compared to the U.S. dollar and risks associated with expanded foreign operations, such as non-compliance with or the unanticipated effect of tax laws, customs laws, immigration laws, or other



Table of Contents

legislation that result in higher than anticipated tax rates or other costs; the inability to repatriate foreign-sourced earnings and profits; the possible loss or material limitation of the Company's tax net operating loss carryforwards and other attributes due to a change in control, as defined in Section 382 of the Internal Revenue Code; the inability of the Company to refinance or otherwise retire certain funded debt obligations that come due in 2019, 2020 and 2021; the potential for any impairment charges that could arise in the future and that would reduce the Company's consolidated net tangible assets which, in turn, would further limit the Company's ability to grant certain liens, make certain investments, and incur certain debt permitted under the Company's senior notes indentures and term loan agreements; or an adverse decision in any potential dispute involving the permissibility of the exchange of 2020 senior notes for second-lien term loans due February 2025. In addition, the Company's future results may be impacted by adverse economic conditions, such as inflation, deflation, lack of liquidity in the capital markets or an increase in interest rates, that may negatively affect it or parties with whom it does business resulting in their non-payment or inability to perform obligations owed to the Company, such as the failure of customers to fulfill their contractual obligations or the failure by individual lenders to provide funding under the Company's current or future debt facilities, if and when required. Should one or more of the foregoing risks or uncertainties materialize in a way that negatively impacts the Company, or should the Company's underlying assumptions prove incorrect, the Company's actual results may vary materially from those anticipated in its forward-looking statements, and its business, financial condition and results of operations could be materially and adversely affected and, if sufficiently severe, could result in noncompliance with certain covenants of the Company's existing indebtedness. Additional factors that you should consider are set forth in detail in the "Risk Factors" section of this Annual Report on Form 10-K as well as other filings the Company has made and will make with the Securities and Exchange Commission which, after their filing, can be found on the Company's website, [www.hornbeckoffshore.com](http://www.hornbeckoffshore.com).

The Company makes references to certain industry-related terms in this Annual Report on Form 10-K. A glossary and definitions of such terms can be found in Item 9B—Other Information on page 48.

Table of Contents

PART I

ITEM 1—Business

COMPANY OVERVIEW

Hornbeck Offshore Services, Inc. was incorporated under the laws of the State of Delaware in 1997. In this Annual Report on Form 10-K, references to “Company,” “we,” “us,” “our” or like terms refer to Hornbeck Offshore Services, Inc. and its subsidiaries, except as otherwise indicated. Hornbeck Offshore Services, Inc. is a leading provider of marine transportation, subsea installation and accommodation support services to exploration and production, oilfield service, offshore construction and U.S. military customers. Since our establishment, we have primarily focused on providing innovative technologically advanced marine solutions to meet the evolving needs of the deepwater and ultra-deepwater energy industry in domestic and select foreign locations. Throughout our history, we have expanded our fleet of vessels primarily through a series of new vessel construction programs, as well as through acquisitions of existing vessels. We maintain our headquarters at 103 Northpark Boulevard, Covington, Louisiana, 70433; our telephone number is (985) 727-2000.

We own and operate one of the youngest and largest fleets of U.S.-flagged, new generation OSVs and MPSVs. In late 2011, we commenced our fifth OSV newbuild program, which also includes the construction of MPSVs. Since that time, we have grown our new generation fleet from 51 OSVs and four MPSVs to 66 OSVs and eight MPSVs. Upon completion of the last two vessels to be delivered under this newbuild program, our expected fleet will be comprised of 66 OSVs and ten MPSVs. Together, these vessels support the deep-well, deepwater and ultra-deepwater activities of the offshore oil and gas industry. Such activities include oil and gas exploration, field development, production, construction, installation, IRM, well-stimulation and other enhanced oil recovery activities. We have also developed a specialized application of our new generation OSVs for use by the U.S. military. Our new generation OSVs and MPSVs have enhanced capabilities that allow us to more effectively support the premium drilling and installation equipment and facilities required for the offshore deep-well, deepwater and ultra-deepwater energy industry. We are one of the top two operators of domestic high-spec new generation OSVs and MPSVs and one of the top three operators of such equipment worldwide, based on DWT. Our fleet is among the youngest in the industry, with a weighted-average age, based on DWT, of nine years.

While we have historically operated our vessels predominately in the U.S. GoM, we have diversified our market presence and now operate in three core geographic markets: the GoM, Mexico and Brazil. In addition to our core markets, we frequently operate in other foreign regions on a project or term charter basis. We have recently operated in the Middle East, the Mediterranean Sea, the Black Sea and in other locations in Latin America, including Nicaragua, Guyana, Trinidad and Argentina. We have further diversified by providing specialized vessel solutions to non-oilfield customers, such as the United States military as well as oceanographic research and other customers that utilize sophisticated marine platforms in their operations. In addition, we have provided vessel management services for other vessel owners, such as crewing, daily operational management and maintenance activities. We also operate a shore-base support facility located in Port Fourchon, Louisiana. See "Item 2-Properties" for a listing of our shoreside support facilities.

Although all of our vessels are physically capable of operating in both domestic and international waters, approximately 76% are qualified under Section 27 of the Merchant Marine Act of 1920, as amended, or the Jones Act, to engage in the U.S. coastwise trade. The two remaining vessels being constructed under our fifth OSV newbuild program are also expected to be eligible for Jones Act coastwise trading privileges. Foreign owned, flagged, built or crewed vessels are restricted in their ability to conduct U.S. coastwise trade and are typically excluded from such trade in the GoM. Of the public company OSV peer group, we own the largest fleet of Jones Act-qualified, new generation OSVs and MPSVs, which we believe offers us a competitive advantage in the GoM. From time to time, we may elect to reflag certain of our vessels to the flag of another nation. We have reflagged 14 Jones Act-qualified OSVs and one Vanuatu-flagged MPSV to Mexican and other flags, including one OSV under Brazilian registry. We believe we currently own and operate one of the youngest and largest fleets of Mexican-flagged new generation OSVs and MPSVs. Once a Jones Act-qualified vessel is reflagged or a new vessel is foreign flagged, it permanently loses the right to engage in U.S. coastwise trade.

We intend to continue our efforts through up cycles and down cycles to maximize stockholder value through our long-term return-oriented growth strategy. We will, as opportunities arise, acquire or construct additional vessels, as well

1

---



## Table of Contents

as divest certain assets that we consider to be non-core or otherwise not in line with our long-term strategy or prevailing industry trends.

### DESCRIPTION OF OUR BUSINESS

#### The Deepwater Offshore Energy Industry

The modern quest to explore for and produce energy resources located offshore began in the 1940s. While these offshore operations began in shallow waters, relatively close to shore, technological advances have permitted them to migrate to ever deeper waters and well depths. Until the late 1970s, most offshore activity was technologically and logistically restricted to that which was accessible on the continental shelf, or waters of up to about 500 feet of depth. Since that time, a number of advances have opened drilling regions in deepwater. The initial push into deeper waters was facilitated through the development of “floating” drilling units that could be positioned over a drilling site without being fixed to the seafloor. Petrobras pioneered these techniques in Brazil beginning in the late 1970s as it lacked an accessible “shallow water” continental shelf. The first deepwater project in the United States Gulf of Mexico was completed in 1993 in nearly 3,000 feet of water by Shell Oil Company. That Shell facility produced a then unheard of 46,000 barrels per day from a reservoir tapped at 25,000 feet. Today, exploration and production activities have pushed into the ultra-deepwater, where wells are routinely drilled in water depths of more than 8,000 feet, the deepest having been drilled in approximately 10,000 feet of water.

In addition to the ability to operate in very deep water, technological advances have also allowed hydrocarbon resources to be detected, drilled for and produced at extreme well depths. “Pre-salt” discoveries in Brazil are being drilled and produced in waters exceeding 5,000 feet and at well depths of more than 35,000 feet. In 2014, Chevron announced first oil from its Jack/St. Malo facility in the GoM, which is expected to produce previously undetectable lower tertiary hydrocarbons at a rate of 94,000 barrels per day from deposits more than 20,000 feet below the seabed situated in 7,000 feet of water. In addition to contending with extreme deepwater and deep well depths, these projects present challenges involving high temperatures and pressures within reservoirs and the associated difficulties of safely bringing those resources to the surface and then transporting them to shoreside locations. Despite these challenges, today deepwater production accounts for approximately 86% of all offshore production in the United States. The GoM production is expected to account for 16% and 17% of total forecast U.S. crude oil production in 2019 and 2020, respectively.

#### Deepwater Regions

The energy industry has had success in many deepwater regions throughout the world. Deepwater drilling efforts are underway in the Mediterranean Sea, the Indian Ocean and Asia. However, the so-called “golden triangle” of deepwater activity is comprised of deposits found offshore West Africa, the Eastern coast of South America - dominated by Brazil and more recently, Guyana - and the GoM. Our core markets are the U.S. GoM, Mexico and Brazil.

As large international oil companies were pushed out of participating in many regions of the world by national oil companies intent upon retaining for themselves the economic benefits of national exploitation, the deepwater GoM grew in significance. The deepwater GoM is among the most abundant hydrocarbon regions in the world. Political stability in the United States and accessibility of deepwater lease blocks allows major oil companies to plan, execute and finance the significant long-term commitments that deepwater success requires. While the scale and complexity associated with deepwater projects is considerable, the significant size of the resource discoveries allows companies to replenish reserves on a large scale from relatively few projects. Unlike most onshore exploration and production projects, deepwater projects require long-lead times to plan and execute, but also enjoy long production lives once online. For instance, the first exploratory wells at the Jack/St. Malo fields were drilled in 2003 and 2004 and first oil was not produced until 2014. Now online, Chevron projects that the Jack/St. Malo fields are expected to produce an estimated 500 million oil equivalent barrels over 30 years. Consequently, short term fluctuations in oil and gas prices typically do not have the same impact on sanctioned deepwater projects as such fluctuations may have on other onshore and continental shelf projects. As a result of the severity and length of current on-going commodity price declines, some previously sanctioned deepwater projects have, nevertheless, been deferred and the pace of newly sanctioned projects in the deepwater GoM has slowed considerably since 2015.

Emerging opportunities for the deepwater offshore energy industry are presented by recent changes in Mexico and Brazil, two of our core markets, which have both recently expanded access to their deepwater regions to foreign

operators. In December 2013, the Mexican congress ended PEMEX's 75 year-old monopoly on drilling activities in Mexico and voted in favor of allowing the government to grant contracts and licenses for exploration and production of oil and gas to foreign firms, which previously had been prohibited under Mexico's constitution. In December 2016, Mexico

2

---

Table of Contents

conducted its first ever deepwater auctions, which drew bids from several major integrated oil companies, as well as several independent oil companies on 10 deepwater opportunities. In January 2018, Mexico completed a second round of deepwater auctions, awarding 19 of 29 deepwater blocks. In 2018, companies began exploration activities on the deepwater blocks that were awarded.

Brazil, through its state-owned national oil company, Petrobras, has been a pioneer in deepwater drilling and remains a dominant player in the global deepwater energy industry. Petrobras claims approximately 9.7 billion barrels of proven deepwater and ultra-deepwater resources, the vast majority of which are located in pre-salt formations, which were the driving force behind an ambitious national plan to dramatically increase production by 2023 to 3.4 million barrels per day. These plans were sidelined by declines in the price of oil combined with a wide reaching corruption probe involving Petrobras. In light of these difficulties being experienced by Petrobras, in 2016, the Brazilian Congress determined to re-open the vast Brazilian pre-salt regions to foreign operators. Brazil hosted multiple rounds of deepwater auctions for pre-salt oil blocks in 2018 with an additional auction scheduled to be held in November 2019.

The Subsea Oilfield

Deepwater successes have driven further innovation around the infrastructure required to produce and transport ashore the abundant resources that have been discovered. In shallower regions, once hydrocarbons are discovered, they are typically produced by installing a fixed platform over the well site onto which are installed all of the equipment and infrastructure necessary to produce the hydrocarbons and move them ashore through pipelines. Platforms also provide a locale from which well maintenance and similar activities can be performed. The size, pressures, temperatures and water depths of deepwater hydrocarbon deposits require enormous amounts of infrastructure to develop, produce and maintain their wells. These challenges have pushed the development of technologies to allow infrastructure to be placed directly onto the seafloor, as opposed to a fixed platform. The process of building out this subsea oilfield requires the use of vessels to transport infrastructure to location, install infrastructure to subsea points and inspect, repair and maintain it throughout the multi-decade life of the field. When hydrocarbons are brought to the surface, they are gathered from multiple subsea locations through pipelines to a single deepwater floating "top-side" production facility. These "top-side" production facilities take years to design, engineer, transport, install and, often, cost billions of dollars and represent a significant source of demand for vessel services during their installation and commissioning. More recently, deepwater producers have capitalized on their existing deepwater infrastructure to gain efficiencies through the use of so-called "tie-backs". A tie-back allows a deepwater well to be produced without having to install a new top-side facility by "tying the well back" to a near-by existing top-side facility accessible to the well location. Tie-backs require the installation of subsea infrastructure to connect the well to the remote "top-side" facility.

Depiction of a GoM Subsea Deepwater Oilfield

Table of Contents

OSVs

OSVs primarily serve exploratory and developmental drilling rigs and production facilities and support offshore and subsea construction, installation, IRM and decommissioning activities. OSVs differ from other ships primarily due to their cargo-carrying flexibility and capacity. In addition to transporting deck cargo, such as pipe or drummed material and equipment, OSVs also transport liquid mud, potable and drilling water, diesel fuel, dry bulk cement and personnel between shore-bases and offshore rigs and production facilities. Deepwater environments require OSVs with capabilities that allow them to more effectively support drilling and related subsea construction projects that occur far from shore, in deepwater and increasingly at extreme well depths. In order to best serve these projects, we have designed our various classes of new generation vessels in a manner that seeks to maximize their liquid mud and dry bulk cement capacities, as well as their larger areas of open deck space. Deepwater operations also require vessels having dynamic positioning, or anchorless station-keeping capability, driven primarily by safety concerns that preclude vessels from physically mooring to floating deepwater installations. DP systems have experienced steady increases in technology over time with the highest DP rating currently being DP-3. The number following the DP notation generally indicates the degree of redundancy built into the vessel's systems and the range of usefulness of the vessel in deepwater construction and subsea operations. Higher numbers represent greater DP capabilities. Today, deepwater drilling operations in the GoM overwhelmingly prefer a DP-2 notation and a vessel with 2,500 DWT capacity or greater. We consider these vessels to be high-spec new generation OSVs. Currently, 59 of our vessels are DP-2 and two are DP-3. The two remaining MPSVs contracted to be constructed under our fifth newbuild program are expected to be DP-2. Ultra-deepwater projects, which occur in waters of greater than 5,000 feet, are driving a need for DP-2 vessels with very large capacities. The distance of these projects from shore, together with their water and well depths dictate the use of massive volumes of bulk drilling materials and related supplies. The OSVs that have been delivered as part of our fifth OSV newbuild program are among the largest in the world. With DWT capacities of 5,500 DWT to 6,200 DWT, we believe these ultra high-spec vessels provide our ultra-deepwater drilling customers vessel solutions that help them to maximize efficiencies and improve the logistical challenges prevalent in their projects.

Vessels that do not carry at least a DP-2 notation or have less than 2,500 DWT capacity typically operate in more shallow U.S. waters or in foreign locations in which DP-2 has not yet emerged as the dominant standard. Currently, 18 of our vessels are low-spec, comprising 13% of our fleet by DWT. The remaining 87% of our fleet is considered high-spec, including roughly 60% of our overall fleet that is ultra high-spec.

Two ultra high-spec HOSMAX OSVs

MPSVs

MPSVs also support the deepwater activities of the energy industry. MPSVs are distinguished from OSVs in that they are more specialized and often significantly larger vessels that are principally used for IRM activities, such as the subsea installation of well heads, risers, jumpers, umbilicals and other equipment placed on the seafloor. MPSVs are also utilized in connection with the setting of pipelines, the commissioning and de-commissioning of offshore facilities, the maintenance and/or repair of subsea equipment and the intervention of such wells, well testing and flow-back operations and other sophisticated deepwater operations. To perform these various functions, MPSVs are or can be equipped with a variety of lifting and deployment systems, including large capacity cranes, winches or reel systems, well intervention equipment, ROVs and accommodation facilities. The typical MPSV is outfitted with one or more deepwater cranes

Table of Contents

employing active heave compensation technology, one or more ROVs, a helideck and expansive accommodations for the offshore crew, including customer personnel. MPSVs can also be outfitted as a flotel to provide accommodations to large numbers of offshore construction and technical personnel involved in large-scale offshore projects, such as the commissioning of a floating offshore production facility. When in a flotel mode, the MPSV provides living quarters for third-party personnel, catering, laundry, medical services, recreational facilities, offices and as a helicopter heliport for the embarkation and disembarkation of offshore personnel. In addition, flotels coordinate and help to provide the facilities necessary for the offshore workers being accommodated to safely move from the vessel to other offshore structures being supported through the use of articulated gangways that allow personnel to "walk to work." Generally, MPSVs command higher dayrates than OSVs due to their significantly larger relative size and versatility, as well as higher construction and operating costs.

370 class MPSVs

We have devised MPSVs that, in addition to the array of services described above, are also capable of being utilized to transport deck or bulk cargoes in capacities exceeding most other new generation OSVs. We own and operate two proprietary 370 class DP-2 new generation MPSVs with such capabilities. These MPSVs have approximately double the deadweight and three times the liquid mud barrel-capacity of one of our 265 class new generation OSVs and more than four times the liquid mud barrel-capacity of one of our 240 class new generation OSVs. Moreover, with their large tanks, these MPSVs have assisted in large volume deepwater well testing and flow-back operations, as well as supporting large drilling operations in remote or harsh conditions. Both of our 370 class MPSVs uniquely have certifications by the USCG that permit Jones Act-qualified operations as a supply vessel, industrial/construction vessel and as a petroleum and chemical tanker under subchapters "L", "I", "D", and "O", respectively. We believe that these vessels are not only the largest supply vessels in the world, but are also the only vessels in the world to have received all four of these certifications.

400 class and 310 class MPSVs

Until recently, due to a lack of Jones Act-qualified MPSVs, many customers would charter an OSV to carry equipment to location, which was then installed by a foreign flag MPSV. By eliminating the need for two vessels, we believe our customers will improve efficiencies and mitigate operational risks. Our Jones Act-qualified MPSVs are equipped with a heave-compensated knuckle-boom crane, helideck, accommodations for approximately 90-100 persons and are suitable for two or more work-class ROVs. Moreover, our Jones Act-qualified MPSVs are also equipped with below-deck cargo tanks, allowing them to expand their mission utility to include services more typically provided by OSVs.

We expect to take delivery of two 400 class MPSVs in the second and third quarters of 2020. Because our 400 class and 310 class MPSVs are Jones Act-qualified, we expect that they will enable our customers to transport equipment from shore to the installation site to be installed by the MPSV without needing to use a second (domestic) vessel for transport like foreign-flagged MPSVs are required to do. We believe that, once delivered, the 400 class MPSVs will be the largest and most capable Jones Act-qualified MPSVs available in the market.

Table of Contents

Rendering of Planned HOS 400' Class MPSV

In April 2015, we also outfitted one of our 310 class OSVs that was placed in service under our ongoing newbuild program as a 310 class MPSV in flotel configuration. This U.S.-flagged, Jones Act-qualified MPSV includes a 35-ton knuckle-boom crane, a motion-compensated gangway and accommodations for 194 persons. Being Jones Act-qualified gives it mission flexibility that foreign flag flotels lack in the GoM.

430 class

We also operate the HOS Iron Horse and HOS Achiever, which are 430 class DP-3 new generation MPSVs. A DP-3 notation requires greater vessel and ship-system redundancies. DP-3 systems also include separate vessel compartments with fire-retardant walls for generators, prime movers, switchboards and most other DP components. These 430 class MPSVs are designed to handle a variety of global offshore energy applications, many of which are not dependent on the exploratory rig count. They are excellent platforms for those specialty services described above for our 400 and 310 class MPSVs with the exception of handling liquid cargoes. The HOS Iron Horse and the HOS Achiever are not U.S.-flagged vessels, however, they can engage in certain legally permissible operations in the U.S. that do not constitute coastwise trade. The HOS Achiever is currently configured as a flotel with accommodations for up to 270 personnel onboard, including the vessel's marine crew, hotel and catering staff. These accommodations allow this vessel to support the commissioning of deepwater installations around the world. Because flotel services do not typically involve the coastwise transportation of passengers, foreign-flag vessels, such as our 430 class MPSVs, can provide this service in the U.S. We recently placed the HOS Iron Horse into Mexican registry through our Mexican affiliate. We believe that the HOS Iron Horse is among the most sophisticated MPSVs in Mexican registry and will be a highly capable asset serving the growing Mexican market.

We believe that our reputation for safety and technologically superior vessels, combined with our size and scale in certain core markets relative to our public company OSV peer group, enhance our ability to compete for work awarded by major oil companies, independent oil companies, national oil companies and the U.S. government, who are among our primary customers. These customers demand a high level of safety and technological advancements to meet the more stringent regulatory standards in the GoM. As our customers' needs and requirements become more demanding, we expect that smaller vessel operators may struggle to meet these standards.

Table of Contents

The following table provides information, as of February 13, 2019, regarding our owned fleet of 66 new generation OSVs, eight MPSVs and two MPSVs yet to be delivered under our fifth OSV newbuild program, as well as our managed fleet of four new generation OSVs that serve the U.S. Navy.

## Our Vessels

Name	Design	Current Service Function	Current Location	In-Service Date	Deadweight (long tons)	Liquid Mud Capacity (barrels)	Total Horsepower	DP Class <sup>(1)</sup>
OWNED VESSELS:								
MPSVs								
HOS Iron Horse	430	Multi-Purpose (FF)	Mexico	Nov 2009	6,345	n/a	8,050	DP-3
HOS Achiever	430	Multi-Purpose (FF)	Brazil	Oct 2008	5,096	n/a	8,050	DP-3
HOS Warhorse	400 ES	Multi-Purpose	TBD	2Q2020 est. <sup>(2)</sup>	6,200 est	14,100 est.	9,000 est.	DP-2
HOS Wild Horse	400 ES	Multi-Purpose	TBD	3Q2020 est. <sup>(2)</sup>	6,200 est.	14,100 est.	9,000 est.	DP-2
HOS Centerline	370	Stacked	GoM	Mar 2009	7,903	30,962	6,000	DP-2
HOS Strongline	370	Stacked	GoM	Mar 2010	7,881	30,962	6,000	DP-2
HOS Bayou	310	Multi-Purpose	GoM	Dec 2014	5,189	20,981	6,700	DP-2
HOS Warland	310 ES	Multi-Purpose	GoM	Aug 2016	4,977	19,120	9,000	DP-2
HOS Woodland	310 ES	Multi-Purpose	GoM	Sep 2016	5,132	19,120	9,000	DP-2
HOS Riverbend	300	Multi-Purpose	GoM	Feb 2014	4,608	16,938	7,300	DP-2
OSVs								
300 class (Over 5,000 DWT)								
HOS Commander	320	Supply	GoM	Nov 2013	6,046	20,911	6,008	DP-2
HOS Carolina	320	Supply	GoM	Feb 2014	6,059	20,911	6,008	DP-2
HOS Claymore	320	Supply	GoM	Mar 2014	6,042	20,911	6,008	DP-2
HOS Captain	320	Supply	GoM	Jul 2014	6,051	20,911	6,008	DP-2
HOS Clearview	320	Supply	GoM	Aug 2014	6,053	20,911	6,008	DP-2
HOS Crockett	320	Supply	GoM	Dec 2014	6,047	20,911	6,008	DP-2
HOS Caledonia	320	Supply	GoM	Jan 2015	6,066	20,911	6,008	DP-2
HOS Crestview	320	Supply (FF)	Latin America	Feb 2015	6,052	20,911	6,008	DP-2
HOS Cedar Ridge	320	Supply	GoM	Nov 2015	6,046	20,911	6,008	DP-2
HOS Carousel	320	Supply	GoM	Jun 2015	6,059	20,911	6,008	DP-2
HOS Black Foot	310	Supply	GoM	Jul 2014	6,055	21,417	7,300	DP-2
HOS Black Rock	310	Supply	GoM	Aug 2014	6,055	21,417	7,300	DP-2
HOS Black Watch	310	Supply	GoM	Oct 2014	6,055	21,417	7,300	DP-2
HOS Brass Ring	310	Supply (FF)	Brazil	Jan 2016	5,633	21,417	6,700	DP-2
HOS Briarwood	310	Supply	GoM	Jan 2016	5,993	21,417	6,700	DP-2
HOS Red Dawn	300	Supply	Other U.S.	Jun 2013	5,407	20,846	6,700	DP-2
HOS Red Rock	300	Military	Other U.S.	Oct 2013	5,407	20,846	6,700	DP-2
HOS Renaissance	300	Supply	GoM	Nov 2013	5,407	20,846	6,700	DP-2
HOS Browning	300	Supply (FF)	Latin America	May 2018	5,553	19,516	6,700	DP-2

Edgar Filing: HORNBECK OFFSHORE SERVICES INC /LA - Form 10-K

HOS Winchester	300	Supply (FF)	Mexico	May 2018	5,553	19,516	6,700	DP-2
HOS Coral	290	Supply (FF)	Mexico	Mar 2009	5,609	15,212	6,140	DP-2
280 class (3,500 to 5,000 DWT)								
HOS Colt	270	Supply	Latin America	May 2018	3,792	12,591	6,700	DP-2
HOS Remington	270	Supply (FF)	Mexico	May 2018	3,780	12,569	6,700	DP-2
HOS Ridgewind	265	Supply	GoM	Nov 2001	3,070	9,414	6,780	DP-2
HOS Brimstone	265	Stacked	GoM	Jun 2002	3,718	10,350	6,780	DP-2
HOS Stormridge	265	Stacked	GoM	Aug 2002	3,659	10,350	6,780	DP-2
HOS Sandstorm	265	Stacked	GoM	Oct 2002	3,659	10,336	6,780	DP-2
240 class (2,500 to 3,500 DWT)								
HOS Saylor	240	Stacked (FF)	GoM	Oct 1999	2,774	n/a	7,844	DP-1
HOS Navegante	240	Stacked (FF)	GoM	Jan 2000	3,289	4,450	7,844	DP-2
HOS Resolution	250 EDF	Stacked	GoM	Oct 2008	2,751	8,240	6,000	DP-2
HOS Mystique	250 EDF	Military	Other U.S.	Jan 2009	2,333	8,300	5,586	DP-2
HOS Pinnacle	250 EDF	Stacked	GoM	Feb 2010	2,707	8,240	6,000	DP-2
HOS Windancer	250 EDF	Stacked	GoM	May 2010	2,724	8,240	6,000	DP-2
HOS Wildwing	250 EDF	Stacked	GoM	Sept 2010	2,707	8,240	6,000	DP-2
HOS Bluewater	240 ED	Stacked	GoM	Mar 2003	2,754	8,270	4,000	DP-2
HOS Gemstone	240 ED	Stacked	GoM	Jun 2003	2,758	8,270	4,000	DP-2
HOS Greystone	240 ED	Stacked	GoM	Sep 2003	2,754	8,270	4,000	DP-2
HOS Silverstar	240 ED	Stacked	GoM	Jan 2004	2,762	8,270	4,000	DP-2
HOS Polestar	240 ED	Stacked	GoM	May 2008	2,752	8,270	4,000	DP-2
HOS Shooting Star	240 ED	Stacked	GoM	Jul 2008	2,728	8,270	4,000	DP-2
HOS North Star	240 ED	Stacked	GoM	Nov 2008	2,749	8,270	4,000	DP-2
HOS Lode Star	240 ED	Stacked	GoM	Feb 2009	2,746	8,270	4,000	DP-2
HOS Silver Arrow	240 ED	Supply (FF)	Mexico	Oct 2009	2,664	8,270	4,000	DP-2
HOS Sweet Water	240 ED	Stacked (FF)	Mexico	Dec 2009	2,701	8,270	4,000	DP-2



Table of Contents

Name	Design	Current Service Function	Current Location	In-Service Date	Deadweight (long tons)	Liquid Mud Capacity (barrels)	Total Horsepower	DP Class <sup>(1)</sup>
HOS Beignet	S240 E	Stacked	GoM	May 2013 <sup>(3)</sup>	2,772	8,000	4,000	DP-2
HOS Boudin	S240 E	Stacked	GoM	May 2013 <sup>(3)</sup>	2,715	8,000	4,000	DP-2
HOS Bourre'	S240 E	Stacked	GoM	Sep 2013 <sup>(3)</sup>	2,772	8,000	4,000	DP-2
HOS Coquille	S240 E	Stacked	GoM	Sep 2013 <sup>(3)</sup>	2,742	8,000	4,000	DP-2
HOS Cayenne	S240 E	Stacked	GoM	Nov 2013 <sup>(3)</sup>	2,772	8,000	4,000	DP-2
HOS Chicory	S240 E	Stacked	GoM	Nov 2013 <sup>(3)</sup>	2,731	8,000	4,000	DP-2
200 class (1,500 to 2,500 DWT)								
HOS Innovator	240 E	Stacked	GoM	Apr 2001	2,036	6,290	4,520	DP-2
HOS Dominator	240 E	Military	Other U.S.	Feb 2002	2,054	6,400	4,000	DP-2
HOS Deepwater	240	Supply (FF)	Mexico	Nov 1999	2,259	4,470	4,000	DP-2
HOS Cornerstone	240	Stacked	GoM	Mar 2000	2,259	6,280	4,000	DP-2
HOS Beaufort	S200	Stacked	GoM	Mar 1999	2,246	4,120	4,000	DP-1
HOS Hawke	S200	Stacked (FF)	GoM	Jul 1999	1,767	4,100	4,000	DP-1
HOS Douglas	S200	Stacked	GoM	Apr 2000	2,246	4,120	4,000	DP-1
HOS Nome	S200	Stacked	GoM	Aug 2000	2,246	4,120	4,000	DP-1
HOS Crossfire	200	Stacked (FF)	Mexico	Nov 1998	1,780	2,714	4,000	DP-1
HOS Super H	200	Stacked	GoM	Jan 1999	1,764	3,590	4,000	DP-1
HOS Brigadoon	200	Stacked (FF)	Mexico	Mar 1999	1,767	3,590	4,000	DP-1
HOS Thunderfoot	200	Supply (FF)	Mexico	May 1999	1,678	3,600	4,000	DP-1
HOS Dakota	200	Stacked (FF)	Mexico	Jun 1999	1,780	2,714	4,000	DP-1
HOS Explorer	220	Stacked	GoM	Feb 1999	1,625	3,050	3,900	DP-1
HOS Voyager	220	Stacked	GoM	May 1998	1,625	3,050	3,900	DP-1
HOS Pioneer	220	Stacked	GoM	Jun 2000	1,630	3,050	4,000	DP-1
MANAGED VESSELS:								
240 class (2,500 to 3,500 DWT)								
USNS Black Powder	250 EDF	Military	Other U.S.	Jun 2009	2,900	8,300	6,000	DP-2
USNS Westwind	250 EDF	Military	Other U.S.	Jun 2009	2,900	8,300	6,000	DP-2
USNS Eagleview	250 EDF	Military	Other U.S.	Oct 2009	2,900	8,300	6,000	DP-2
USNS Arrowhead		Military	Other U.S.	Jan 2009	2,900	8,300	6,000	DP-2

250  
EDF

FF—foreign-flagged

TBD—to be determined

- (1) “DP-1,” “DP-2” and “DP-3” mean various classifications, or equivalent, of dynamic positioning systems on new generation vessels to automatically maintain a vessel’s position and heading through anchor-less station keeping.
- (2) These vessels are currently being constructed under our fifth OSV newbuild construction program with anticipated in-service dates during 2020.  
These six vessels were converted into 240 class DP-2 OSVs as part of our 200 class OSV retrofit program in 2013.
- (3) They were originally constructed and placed in service in their prior Super 200 class DP-1 configuration in 1999 or 2000 and were acquired by us in August 2007.

We own long-term lease rights to two adjacent shore-base facilities located in Port Fourchon, Louisiana, named HOS Port. Port Fourchon’s proximity to the deepwater GoM provides a strategic logistical advantage for servicing drilling rigs, production facilities and other offshore installations and sites. We also utilize HOS Port as a shoreside facility for performing vessel maintenance, outfitting and other in-the-water shipyard activities. Developed as a multi-use facility, Port Fourchon has historically been a land base for offshore oil support services and the Louisiana Offshore Oil Port, or LOOP. According to industry sources, Port Fourchon services nearly all deepwater rigs and almost half of all shallow water rigs in the GoM. The HOS Port facility has approximately five years remaining on its current lease and two additional five-year renewal options on each parcel. The combined acreage of HOS Port is approximately 60 acres with total waterfront bulkhead of nearly 3,000 linear feet. HOS Port not only supports our existing fleet and customers’ deepwater logistics requirements, but it underscores our long-term commitment to and our long-term outlook for the deepwater GoM.

#### Principal Markets

OSVs and MPSVs operate worldwide, but are generally concentrated in relatively few offshore regions with high levels of exploration and development activity, such as the GoM, the North Sea, Southeast Asia, West Africa, Latin America and the Middle East. Our core geographic markets are the GoM, Mexico and Brazil. In these markets we provide services to several major integrated oil companies as well as mid-size and large independent oil companies with deepwater and ultra-deepwater activities and to national oil companies such as PEMEX and Petrobras. We also occasionally operate in select international markets, which have included the rest of Latin America, West Africa, the Mediterranean Sea, the Black Sea and the Caribbean basin. We are often subcontracted by other oilfield service companies, both in the GoM and internationally, to provide a new generation fleet that enables them to render offshore oilfield services, such as well stimulation or other enhanced oil recovery activities, seismic surveying, diving and ROV operations, construction, installation, inspection, maintenance, repair and decommissioning services. We also provide a specialized application of our new generation OSVs for use by the United States military.

## Table of Contents

While there is some vessel migration between regions, key factors such as mobilization costs, vessel suitability and government statutes prohibiting foreign-flagged vessels from operating in certain waters, or coastwise cabotage laws such as the Jones Act, can limit the migration of OSVs into certain markets. Because some MPSVs are generally utilized for non-cargo operations, they are less limited by cabotage laws. Demand for OSVs, as evidenced by dayrates and utilization rates, is primarily related to offshore oil and natural gas exploration, development and production activity. Such activity is influenced by a number of factors, including the actual and forecasted price of oil and natural gas, the level of drilling permit activity, capital budgets of offshore exploration and production companies, and repair and maintenance needs in the deepwater oilfield.

Offshore exploration and production activities are increasingly focused on deep wells (as defined by total well depth rather than water depth), whether on the Outer Continental Shelf or in the deepwater or ultra-deepwater. These types of wells require high-specification equipment, which has driven the recent and nearly completed newbuild cycle for drilling rigs and for OSVs. There were 32 floating rigs under construction or on order on February 13, 2019 and, as of that date, there were options outstanding to build seven additional floating rigs. In addition, on that date, there were 75 high-spec jack-up rigs under construction or on order worldwide, and there were options outstanding to build 13 additional high-spec jack-up rigs. Most, if not all, of these rigs were ordered prior to the downturn in oil prices that has persisted since late 2014. Consequently, the market for deepwater drilling rigs is expected to be over-supplied for the foreseeable future. This oversupply of rigs may drive down the cost of contracting a drilling rig, with the result that more rigs may be employed, which could positively impact utilization of supply vessels. Each drilling rig working on deep-well projects typically requires more than one OSV to service it, and the number of OSVs required is dependent on many factors, including the type of activity being undertaken, the location of the rig and the size and capacity of the OSVs. During normal operating conditions, based on the historical data for the number of floating rigs and OSVs working, we believe that two to four OSVs per rig are required in the GoM and even more OSVs are necessary per rig in Brazil where greater logistical challenges result in longer vessel turnaround times to service drill sites. Typically, during the initial drilling stage, more OSVs are required to supply drilling mud, drill pipe and other materials than at later stages of the drilling cycle. In addition, generally more OSVs are required the farther a drilling rig is located from shore. Under normal weather conditions, the transit time to deepwater drilling rigs in the GoM and Brazil can typically range from six to 24 hours for a new generation vessel. In Brazil, transit time for a new generation vessel to some of the newer, more logistically remote deepwater drilling rig locations are more appropriately measured in days, not hours. In addition to drilling rig support, deepwater and ultra-deepwater exploration and production activities should result in the expansion of other specialty-service offerings for our vessels. These markets include subsea construction support, installation, IRM work, and life-of-field services, which include well-stimulation, workovers and decommissioning.

While Mexico has an active shallow water market, Mexico is now at the dawn of its deepwater efforts, which were enabled by the legal changes made in Mexico that opened its offshore areas to foreign investment. Mexico shares a deepwater border with the United States. Deepwater exploratory success on the U.S. side of that border, particularly in the “Perdido Belt” region suggests a high probability of similar success to be achieved on the Mexican side of the border. The first deepwater wells will be drilled in Mexico in 2019.

Our charters are the product of either direct negotiation or a competitive proposal process, which evaluates vessel capability, availability and price. Our primary method of chartering in the GoM is through direct vessel negotiations with our customers on either a long-term or spot basis. In the international market, we sometimes charter through local entities in order to comply with cabotage or other local requirements. Some charters are solicited by customers through international vessel brokerage firms, which earn a commission that is customarily paid by the vessel owner. Our operations and management agreement with the U.S. Navy's Military Sealift Command was a sole source selection based upon certain capabilities unique to the Company that were developed while the applicable vessels were chartered to the Navy. All of our charters, whether long-term or spot, are priced on a dayrate basis, whereby for each day that the vessel is under contract to the customer, we earn a fixed amount of charter-hire for making the vessel available for the customer's use. Some of the long-term contracts for our vessels and all of our government, including national oil company, charters contain early termination options in favor of the customer; however, some have fees designed to discourage early termination. Long-term charters sometimes contain provisions that permit us to increase

our dayrates in order to be compensated for certain increased operational expenses or regulatory changes.

Competition

The offshore support vessel industry is highly competitive. Competition primarily involves such factors as:

• quality, capability and age of vessels;

• quality, capability and nationality of the crew members;

Table of Contents

ability to meet the customer's schedule;  
safety record, reputation, experience;  
price and;  
cabotage laws.

Our three core markets, the U.S. GoM, Mexico and Brazil, all have strict cabotage laws that provide varying levels of insulation from foreign competition. While these laws vary in their provisions, generally they provide a barrier to entry to market participants that are short-term focused and unwilling to make a significant contribution of capital to the country being served.

Our high-spec OSVs are predominately U.S.-flagged vessels, which qualify them under the Jones Act to engage in domestic coastwise trade. The Jones Act restricts the ability of vessels that are foreign-built, foreign-owned, foreign-crewed or foreign-flagged from engaging in coastwise trade in the United States. The transportation services typically provided by OSVs constitute coastwise trade as defined by the Jones Act. See "Item 1A-Risk Factors" for a more detailed discussion of the Jones Act. Consequently, competition for our services in the GoM is largely restricted to other U.S. vessel owners and operators, both publicly and privately held. We believe that we operate the second largest fleet by DWT of new generation Jones Act-qualified OSVs in the United States. Internationally, our OSVs compete against other U.S. owners, as well as foreign owners and operators of OSVs. Some of our international competitors may benefit from a lower cost basis in their vessels, which are usually not constructed in U.S. shipyards, as well as from lower crewing costs and favorable tax regimes. While foreign vessel owners cannot engage in U.S. coastwise trade, some cabotage laws in other parts of the world permit temporary waivers for foreign vessels if domestic vessels are unavailable. We and other U.S. and foreign vessel owners have been able to obtain such waivers in the foreign jurisdictions in which we operate.

Many of the services provided by MPSVs do not involve the transportation of merchandise and therefore are generally not considered coastwise trade under U.S. and foreign cabotage laws. Consequently, our MPSVs being constructed under our fifth newbuild program face competition from both foreign-flagged vessels and U.S.-flagged vessels for non-coastwise trade activities. In addition, since 2009, owners and operators of Jones-Act qualified MPSVs, such as ourselves, have challenged interpretations of the Jones Act issued by Customs and Border Protection, or CBP, that we believe erroneously allowed foreign MPSVs to be used in U.S. coastwise trade. In 2009 and again in 2017, CBP announced proposed modifications to or revocations of these interpretations, but subsequently withdrew both of those proposals. In 2017, trade organizations representing the owners and operators of Jones-Act qualified MPSVs, as well as U.S. shipyards that build them, sued CBP on account of the continued existence of Jones Act interpretations that are inconsistent with the statute. That suit is pending in Federal District Court for the District of Columbia, Captain Paul Radtke, et. al. v. U.S Bureau of Customs and Border Protection, et. al. Civil Action No. 17-2412. If successful, that litigation may reduce competition that our Jones-Act qualified MPSVs face from foreign MPSVs that are currently allowed by CBP to engage in coastwise trade.

Competition in the MPSV industry is significantly affected by the particular capabilities of a vessel to meet the requirements of a customer's project as well as price. While operating in the GoM, our MPSVs are required to utilize U.S. crews while foreign-owned vessels have historically been allowed to employ non-U.S. mariners, often from low-wage nations. U.S. crews are often more expensive than foreign crews. Also, foreign MPSV owners may have more favorable tax regimes than ours. Consequently, prices for foreign-owned MPSVs in the GoM are often lower than prices we can charge. Finally, some potential MPSV customers are also owners of MPSVs that will compete with our vessels. During the recent downturn, many foreign MPSVs have departed the GoM and most MPSVs currently operating in the GoM are Jones-Act qualified. If market conditions improve and the CBP letter rulings continue to allow foreign vessels to engage in coastwise trade, we might face significant price competition from the owners of these foreign vessels that enjoy lower manning and tax burdens.

We continue to observe intense scrutiny by our customers on the safety and environmental management systems of vessel operators. As a consequence, we believe that deepwater customers are increasingly biased towards companies that have demonstrated a financial and operational commitment and capacity to employ such systems. We believe this trend will, over time, make it difficult for small enterprises to compete effectively in the deepwater OSV and MPSV markets. Additionally, we have observed less willingness by operators to utilize DP-1 vessels in deepwater operations

in the GoM. This trend will likely result in the retirement of conventional non-DP vessels and a migration of DP-1 vessels to non-deepwater regions, such as the shelf, and certain international regions.

## Table of Contents

Although some of our principal competitors are larger or have more extensive international operations than we do, we believe that our operating capabilities and reputation for quality and safety enable us to compete effectively with other fleets in the market areas in which we operate or intend to operate. In particular, we believe that the relatively young age and advanced features of our OSVs and MPSVs provide us with a competitive advantage. The ages of our high-spec new generation OSVs range from two years to 20 years with a weighted-average fleet age, based on DWT, of seven years. In fact, approximately 91% of our active new generation OSVs have been placed in-service since January 1, 2008, giving our active fleet of OSVs an average age of six years. The average age of the industry's conventional U.S.-flagged OSV fleet is over 35 years and the industry's domestic new generation OSV fleet is approximately 10 years. We believe that most of these older vessels are cold-stacked and many of them have been or will be permanently retired in the next few years due to physical and economic obsolescence. Worldwide competition for new generation vessels has been impacted in recent years by the increase in newbuild OSVs placed in-service to address greater customer interest in deep-well, deepwater and ultra-deepwater drilling activity and the decline in industry activity due to low oil prices. Upon completion of our fifth OSV newbuild program, we expect to own a fleet of 76 Upstream vessels of which 83% will be DP-2 or DP-3 with a weighted-average fleet age, based on DWT, of 11 years in 2020.

Over the past five years, there have been several, and we expect further, formal and informal restructurings of owners and operators of OSVs and MPSVs that compete with us in the U.S. and globally. Two of our publicly traded domestic competitors emerged from Chapter 11 proceedings in 2017 and such competitors merged in late-2018. Companies that have undergone restructurings may have less debt and obligations associated with servicing their debt than companies that have not undergone restructurings. Additionally, fresh start accounting rules might also provide advantages that impact financial results that such restructured companies report. Because we have not initiated measures of this kind, we may face stiffer competition from restructured companies and may also report lower financial results relative to such restructured companies. We believe any advantages experienced by such competitors are short-term and limited in nature given the capital intensive nature of our business. Because all vessels must eventually be replaced, and shipyard costs have not and are not expected to decrease, even our competitors that have been restructured must generate returns sufficient to cover their cost of capital and fund eventual fleet replacement. Our success depends in large part on our ability to attract and retain highly skilled and qualified personnel. Our inability to hire, train and retain a sufficient number of qualified employees could impact our ability to manage, maintain and grow our business. In crewing our vessels, we require skilled employees who can perform physically demanding work and operate complex vessel systems. As the result of our vessel stacking strategy, we have reduced our mariner headcount significantly. When these stacked vessels return to service, we will need to hire and train additional mariners to operate such vessels.

### CUSTOMER DEPENDENCY

Our customers are generally limited to large, independent, integrated or nationally-owned energy companies. These firms are relatively few in number. The percentage of revenues attributable to a customer in any particular year depends on the level of oil and natural gas exploration, development and production activities undertaken by such customer, the availability and suitability of our vessels for the customer's projects or products and other factors, many of which are beyond our control. For the year ended December 31, 2018, Military Sealift Command and Royal Dutch Shell plc (including worldwide affiliates) each accounted for 10% or more of our consolidated revenues. For a discussion of significant customers in prior periods, see Note 15 to our consolidated financial statements.

### GOVERNMENT REGULATION

#### Environmental Laws and Regulations

Our operations are subject to a variety of federal, state, local and international laws and regulations regarding the discharge of materials into the environment or otherwise relating to environmental protection. The requirements of these laws and regulations have become more complex and stringent in recent years and may, in certain circumstances, impose strict, joint and several liability, rendering a company liable for environmental damages and remediation costs without regard to negligence or fault on the part of such party. Aside from possible liability for damages and costs including natural resource damages associated with releases of oil or hazardous materials into the environment, such laws and regulations may expose us to liability for the conditions caused by others or even acts of

ours that were in compliance with all applicable laws and regulations at the time such acts were performed. Failure to comply with applicable laws and regulations may result in the imposition of administrative, civil and criminal penalties, revocation of permits, issuance of corrective action orders and suspension or termination of our operations. Moreover, it is possible that future changes in the environmental laws, regulations or enforcement policies that impose additional or more restrictive requirements or



Table of Contents

claims for damages to persons, property, natural resources or the environment could result in substantial costs and liabilities to us and could have a material adverse effect on our financial condition, results of operations or cash flows. We have performed what we consider to be appropriate environmental due diligence in connection with our operations and, where possible, we have taken all necessary steps to qualify for any applicable statutory defenses and limits of liability available under environmental regulations. We believe that we are in substantial compliance with currently applicable environmental laws and regulations.

OPA 90 and regulations promulgated pursuant thereto amend and augment the oil spill provisions of the Clean Water Act and impose a variety of duties and liabilities on “responsible parties” related to the prevention and/or reporting of oil spills and damages resulting from such spills in or threatening U.S. Waters, including the Outer Continental Shelf or adjoining shorelines. A “responsible party” includes the owner or operator of an onshore facility, pipeline or vessel or the lessee or permittee of the area in which an offshore facility is located. OPA 90 assigns liability to each responsible party for containment and oil removal costs, as well as a variety of public and private damages including the costs of responding to a release of oil, natural resource damages, damages for injury to, or economic losses resulting from, destruction of real or personal property of persons who own or lease such affected property. For any vessels, other than “tank vessels,” that are subject to OPA 90, the liability limits are the greater of \$1,100 per gross ton or \$939,800. A party cannot take advantage of liability limits if the spill was caused by gross negligence or willful misconduct or resulted from violation of a federal safety, construction or operating regulation. In addition, for an Outer Continental Shelf facility or a vessel carrying crude oil from a well situated on the Outer Continental Shelf, the limits apply only to liability for damages (e.g. natural resources, real or personal property, subsistence use, reserves, profits and earnings capacity, and public services damages). The owner or operator of such facility or vessel is liable for all removal costs resulting from a discharge or substantial threat of discharge without limits. If the party fails to report a spill or to cooperate fully in the cleanup, the liability limits likewise do not apply and certain defenses may not be available. Moreover, OPA 90 imposes on responsible parties the need for proof of financial responsibility to cover at least some costs in a potential spill. As required, we have provided satisfactory evidence of financial responsibility to the USCG for all of our vessels over 300 tons. OPA 90 does not preempt state law, and states may impose liability on responsible parties and requirements for removal beyond what is provided in OPA 90.

OPA 90 also imposes ongoing requirements on a responsible party, including preparedness and prevention of oil spills and preparation of an oil spill response plan. We have engaged the Marine Spill Response Corporation to serve as our Oil Spill Removal Organization for purposes of providing oil spill removal resources and services for our operations in U.S. waters as required by the USCG. In addition, our Tank Vessel Response Plan and Non-Tank Vessel Response Plan have been approved by the USCG.

The Clean Water Act imposes strict controls on the discharge of pollutants into the navigable waters of the United States. The Clean Water Act also provides for civil, criminal and administrative penalties for any unauthorized discharge of oil or other hazardous substances in reportable quantities and imposes liability for the costs of removal and remediation of an unauthorized discharge, including the costs of restoring damaged natural resources. Many states have laws that are analogous to the Clean Water Act and also require remediation of accidental releases of petroleum or other pollutants in reportable quantities. Our OSVs routinely transport diesel fuel to offshore rigs and platforms and also carry diesel fuel for their own use. Our OSVs also transport bulk chemical materials and liquid mud used in drilling activities, which contain oil and oil by-products. We maintain vessel response plans as required by the Clean Water Act to address potential oil and fuel spills.

The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, also known as “CERCLA” or “Superfund,” and similar laws impose liability for releases of hazardous substances, pollutants and contaminants into the environment. CERCLA currently exempts crude oil from the definition of hazardous substances for purposes of the statute, but our operations may involve the use or handling of other materials that may be classified as hazardous substances, pollutants and contaminants. CERCLA assigns strict, joint and several liability to each responsible party for response costs, as well as natural resource damages. Under CERCLA, responsible parties include not only owners and operators of vessels but also any person who arranged for the disposal or treatment, or arranged with a transporter for transport for disposal or treatment of hazardous substances, and any person who accepted hazardous substances for

transport to and selected the disposal or treatment facilities. Thus, we could be held liable for releases of hazardous substances that resulted from operations by third parties not under our control or for releases associated with practices performed by us or others that were standard in the industry at the time and in compliance with existing laws and regulations.

12

---

## Table of Contents

The Resource Conservation and Recovery Act regulates the generation, transportation, storage, treatment and disposal of onshore hazardous and non-hazardous wastes and requires states to develop programs to ensure the safe treatment, storage and disposal of wastes. States having jurisdiction over our operations also have their own laws governing the generation and management of solid and hazardous waste. We generate non-hazardous wastes and small quantities of hazardous wastes in connection with routine operations. We believe that all of the wastes that we generate are handled in all material respects in compliance with the Resource Conservation and Recovery Act and analogous state statutes. The USCG's final Ballast Rule became effective on June 21, 2012, and the EPA renewed the Vessel General Permit under the National Pollutant Discharge Elimination System effective on December 19, 2013. In addition, the International Maritime Organization's, or IMO, International Convention for the Control and Management of Ships' Ballast Water and Sediments otherwise known as the Ballast Water Management Convention, or BWMC, became effective on September 8, 2017. The BWMC has similar standards to that of the USCG and EPA ballast water regulations. These regulations require all our existing vessels to meet certain standards pertaining to ballast water discharges. An exemption to certain compliance requirements in the U.S. is provided for vessels that operate within an isolated geographic region, as determined by the USCG and EPA, respectively. Most of our vessels operating in the GoM are exempt from the ballast water treatment requirements. However, for non-exempt vessels, ballast water treatment equipment may be required to be utilized on the vessel. The USCG has several approved ballast water treatment systems and, as a result, we will have to become compliant with ballast water treatment requirements that previously were waived in the U.S. Internationally, compliance with IMO's BWMC is not expected to impact us until third quarter 2019 and thereafter, as implementation of these rules is based on the renewal of a vessel's International Oil Pollution Prevention Certificate after September 8, 2017. We have currently estimated the cost of compliance with either the USCG's Ballast Rule or the BWMC to be approximately \$325,000 per vessel that is required to be fitted with a treatment system.

The Clean Air Act, or CAA, passed by Congress in 1970 regulates all air pollutants resulting from industrial activities. The 1990 amendments to the CAA established jurisdiction of offshore regions. Proposed and existing facilities and vessels must prepare, as part of their development plans and reporting procedures, detailed emissions data to prove compliance with the CAA and obtain necessary permits. We believe that all of our facilities and vessels have obtained the necessary permits and are operating in all material respects in compliance with the CAA. The EPA also imposed emissions regulations affecting vessels that operate in the United States. The EPA's decision to regulate "greenhouse gases" as a pollutant may result in further regulations and compliance costs.

### Climate Change

Greenhouse gas emissions have increasingly become the subject of international, national, regional, state and local attention. The EPA has adopted regulations under the CAA that require new and existing industrial facilities to obtain permits for carbon dioxide equivalent emissions above emission thresholds. In addition, the EPA adopted rules that mandate reporting of greenhouse gas data and other information by i) industrial sources, ii) suppliers of certain products, and iii) facilities that inject carbon dioxide underground. To the extent that these regulations may apply, we could be responsible for costs associated with complying with such regulations. Cap and trade initiatives to limit greenhouse gas emissions have been introduced in the European Union. Future treaty obligations, statutory or regulatory changes or new climate change legislation in the jurisdictions in which we operate.

Restrictions on greenhouse gas emissions or other related legislative or regulatory enactments could have an effect in those industries that use significant amounts of petroleum products, which could potentially result in a reduction in demand for petroleum products and, consequently and indirectly, our offshore transportation and support services. We are currently unable to predict the manner or extent of any such effect. Furthermore, one of the asserted long-term physical effects of climate change may be an increase in the severity and frequency of adverse weather conditions, such as hurricanes, which may increase our insurance costs or risk retention, limit insurance availability or reduce the areas in which, or the number of days during which, our customers would contract for our vessels in general and in the GoM in particular. We are currently unable to predict the manner or extent of any such effect.

### EMPLOYEES

On December 31, 2018, we had 1,009 employees, including 817 operating personnel and 192 corporate, administrative and management personnel. Excluded from these personnel totals are 120 third-country nationals that

we contracted to serve on our vessels as of December 31, 2018. These non-U.S. mariners are typically provided by international crewing agencies. With the exception of 182 employees located in Brazil and Mexico, none of our employees are represented by a union or employed pursuant to a collective bargaining agreement or similar arrangement.

Table of Contents

We have not experienced any strikes or work stoppages, and our management believes that we continue to experience good relations with our employees.

## GEOGRAPHIC AREAS

The table below presents revenues by geographic region for the past three fiscal years (in thousands):

	Year Ended December 31,		
	2018	% of total	2007
Expected income tax expense at 35%	\$ 38,732	\$	26,984
Effect of foreign income subject to tax at rates other than 35%	(32,704)	(22,235)	
Tax exempt investment income	(454)	(389)	
Other, net	(82)	(96)	
Income tax expense	\$ 5,492	\$	4,264

## 6. Condensed Consolidating Financial Information

Platinum Finance is a U.S. based intermediate holding company of Platinum US and a wholly owned subsidiary of Platinum Regency. The outstanding Series B 7.5% Notes, due June 1, 2017, issued by Platinum Finance are fully and unconditionally guaranteed by Platinum Holdings. The Series B 6.371% Remarketed Senior Guaranteed Notes that were issued by Platinum Finance and were due and fully repaid on November 16, 2007, were also fully and unconditionally guaranteed by Platinum Holdings.

The payment of dividends from our regulated reinsurance subsidiaries is limited by applicable laws and statutory requirements of the jurisdictions in which the subsidiaries operate, including Bermuda, the United States and the United Kingdom. Based on the regulatory restrictions of the applicable jurisdictions, the maximum amount available for payment of dividends or other distributions by Platinum US to Platinum Finance in 2008 without prior regulatory approval is estimated to be approximately \$24,796,000. The maximum amount available for payment of dividends or other distributions by the reinsurance subsidiaries of Platinum Holdings in 2008, including Platinum US, without prior regulatory approval is estimated to be approximately \$398,241,000. During the three months ended March 31, 2008 a dividend of \$180,000,000 was paid by Platinum Bermuda to Platinum Holdings.

The tables below present condensed consolidating financial information of Platinum Holdings, Platinum Finance and the non-guarantor subsidiaries of Platinum Holdings as of March 31, 2008 and December 31, 2007 and for the three months ended March 31, 2008 and 2007 (\$ in thousands):

Condensed Consolidating Balance Sheet	Platinum Holdings	Platinum Finance	Non-guarantor Subsidiaries	Consolidating Adjustments	Consolidated
ASSETS					
Total investments	\$ —	6,626	3,344,058	—	\$ 3,350,684
Investment in subsidiaries	1,883,867	522,967	322,241	(2,729,075)	—
Cash and cash equivalents	36,902	18,488	978,954	—	1,034,344
Reinsurance assets	—	—	567,867	—	567,867
Other assets	12,946	3,116	74,699	—	90,761
Total assets	\$ 1,933,715	551,197	5,287,819	(2,729,075)	\$ 5,043,656
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities					

Edgar Filing: HORNBECK OFFSHORE SERVICES INC /LA - Form 10-K

Reinsurance liabilities	\$	–	–	2,815,413	–	\$ 2,815,413
Debt obligations		–	250,000	–	–	250,000
Other liabilities		4,607	5,934	38,594	–	49,135
Total liabilities		4,607	255,934	2,854,007	–	3,114,548
Shareholders' Equity						
Preferred shares		57	–	–	–	57
Common shares		489	–	6,250	(6,250)	489
Additional paid-in capital		1,174,952	193,054	1,896,161	(2,089,215)	1,174,952
Accumulated other comprehensive income (loss)		(28,460)	2,355	(26,081)	23,726	(28,460)
Retained earnings		782,070	99,854	557,482	(657,336)	782,070
Total shareholders' equity		1,929,108	295,263	2,433,812	(2,729,075)	1,929,108
Total liabilities and shareholders' equity	\$	1,933,715	551,197	5,287,819	(2,729,075)	\$ 5,043,656

Edgar Filing: HORNBECK OFFSHORE SERVICES INC /LA - Form 10-K

Condensed Consolidating Balance Sheet December 31, 2007	Platinum Holdings	Platinum Finance	Non-guarantor Subsidiaries	Consolidating Adjustments	Consolidated
--	----------------------	---------------------	-------------------------------	------------------------------	--------------

ASSETS

Total investments	\$ –	6,661	3,378,563	–\$	3,385,224
Investment in subsidiaries	1,958,019	504,642	306,373	(2,769,034)	–
Cash and cash equivalents	39,593	18,348	1,018,338	–	1,076,279
Reinsurance assets	–	–	517,820	–	517,820
Other assets	10,815	2,106	86,506	–	99,427
Total assets	\$ 2,008,427	531,757	5,307,600	(2,769,034)	\$ 5,078,750

LIABILITIES AND  
SHAREHOLDERS' EQUITY

Liabilities					
Reinsurance liabilities	\$ –	–	2,764,299	–\$	2,764,299
Debt obligations	–	250,000	–	–	250,000
Other liabilities	10,050	1,714	54,310	–	66,074
Total liabilities	10,050	251,714	2,818,609	–	3,080,373
Shareholders' Equity					
Preferred shares	57	–	–	–	57
Common shares	538	–	6,250	(6,250)	538
Additional paid-in capital	1,338,466	193,054	1,896,161	(2,089,215)	1,338,466
Accumulated other comprehensive loss	(24,339)	(2,513)	(26,814)	29,327	(24,339)
Retained earnings	683,655	89,502	613,394	(702,896)	683,655
Total shareholders' equity	1,998,377	280,043	2,488,991	(2,769,034)	1,998,377
Total liabilities and shareholders' equity	\$ 2,008,427	531,757	5,307,600	(2,769,034)	\$ 5,078,750

Consolidating Statement of Operations  
For the Three Months Ended March 31,  
2008

	Platinum Holdings	Platinum Finance	Non-guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Revenue:					
Net premiums earned	\$ –	–	301,851	–\$	301,851
Net investment income	600	225	48,237	–	49,062
Net realized gains on investments	–	3	42	–	45
Other income, net	449	–	1,572	–	2,021
Total revenue	1,049	228	351,702	–	352,979
Expenses:					
Net losses and loss adjustment expenses	–	–	160,203	–	160,203
Net acquisition expenses	–	–	60,542	–	60,542
Operating expenses	5,849	100	15,741	–	21,690
Net foreign currency exchange gains	–	–	(4,869)	–	(4,869)
Interest expense	–	4,750	–	–	4,750
Total expenses	5,849	4,850	231,617	–	242,316
	(4,800)	(4,622)	120,085	–	110,663

Income (loss) before income tax expense (benefit)					
Income tax expense (benefit)	–	(1,508)	7,000	–	5,492
Income (loss) before equity in earnings of subsidiaries					
	(4,800)	(3,114)	113,085	–	105,171
Equity in earnings of subsidiaries	109,971	13,465	11,007	(134,443)	–
Net income					
	105,171	10,351	124,092	(134,443)	105,171
Preferred dividends	(2,602)	–	–	–	(2,602)
Net income attributable to common shareholders	\$ 102,569	10,351	124,092	(134,443)	\$ 102,569

- 10 -



Consolidating Statement of Operations For the Three Months Ended March 31, 2007	Platinum Holdings	Platinum Finance	Non-guarantor Subsidiaries	Consolidating Adjustments	Consolidated
<b>Revenue:</b>					
Net premiums earned	\$ –	–	284,848	–\$	284,848
Net investment income	1,358	638	49,703	–	51,699
Net realized losses on investments	–	–	(18)	–	(18)
Other expense, net	(170)	–	(610)	–	(780)
Total revenue	1,188	638	333,923	–	335,749
<b>Expenses:</b>					
Net losses and loss adjustment expenses	–	–	181,913	–	181,913
Net acquisition expenses	–	–	48,120	–	48,120
Operating expenses	5,311	96	17,799	–	23,206
Net foreign currency exchange gains	–	–	(42)	–	(42)
Interest expense	–	5,455	–	–	5,455
Total expenses	5,311	5,551	247,790	–	258,652
Income (loss) before income tax expense (benefit)	(4,123)	(4,913)	86,133	–	77,097
Income tax expense (benefit)	–	(2,182)	6,446	–	4,264
Income (loss) before equity in earnings of subsidiaries	(4,123)	(2,731)	79,687	–	72,833
Equity in earnings of subsidiaries	76,956	9,655	9,470	(96,081)	–
Net income	72,833	6,924	89,157	(96,081)	72,833
Preferred dividends	(2,602)	–	–	–	(2,602)
Net income attributable to common shareholders	\$ 70,231	6,924	89,157	(96,081)\$	70,231

Condensed Consolidating Statement of Cash Flows For the Three Months Ended March 31, 2008	Platinum Holdings	Platinum Finance	Non-guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Net cash provided by (used in) operating activities	\$ (7,993)	94	112,733	–\$	104,834
<b>Investing Activities:</b>					
Proceeds from sale of available-for-sale fixed maturity securities	–	45	6,132	–	6,177
Proceeds from maturity or paydown of available-for-sale fixed maturity securities	–	–	442,368	–	442,368
Acquisition of available-for-sale fixed maturities	–	–	(299,553)	–	(299,553)
Proceeds from sale of other invested asset	–	–	–	–	–

Edgar Filing: HORNBECK OFFSHORE SERVICES INC /LA - Form 10-K

Increase in short-term investments	–	–	(121,064)	–	(121,064)
Dividends from subsidiaries	180,000	–	–	(180,000)	–
Net cash provided by investing activities	180,000	45	27,883	(180,000)	27,928
Financing Activities:					
Dividends paid to preferred shareholders	(2,602)	–	–	–	(2,602)
Dividends paid to common shareholders	(4,154)	–	(180,000)	180,000	(4,154)
Proceeds from exercise of share options	–	–	–	–	–
Purchase of common shares	(167,941)	–	–	–	(167,941)
Net cash used in financing activities	(174,697)	–	(180,000)	180,000	(174,697)
Net increase (decrease) in cash and cash equivalents	(2,690)	139	(39,384)	–	(41,935)
Cash and cash equivalents at beginning of period	39,592	18,349	1,018,338	–	1,076,279
Cash and cash equivalents at end of period	\$ 36,902	18,488	978,954	–\$	1,034,344

Condensed Consolidating Statement of Cash Flows For the Three Months Ended March 31, 2007	Platinum Holdings	Platinum Finance	Non-guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Net cash provided by (used in) operating activities	\$ (3,906)	577	122,875	-\$	119,546
<b>Investing Activities:</b>					
Proceeds from maturity or paydown of available-for-sale fixed maturities	-	599	270,436	-	271,035
Acquisition of available-for-sale fixed maturities	-	-	(457,939)	-	(457,939)
Proceeds from sale of other invested asset	-	-	4,745	-	4,745
Increase in short-term investments	-	-	19,006	-	19,006
Net cash provided by (used in) investing activities	-	599	(163,752)	-	(163,153)
<b>Financing Activities:</b>					
Dividends paid to preferred shareholders	(2,602)	-	-	-	(2,602)
Dividends paid to common shareholders	(4,784)	-	-	-	(4,784)
Proceeds from exercise of share options	2,993	-	-	-	2,993
Net cash used in financing activities	(4,393)	-	-	-	(4,393)
Net increase (decrease) in cash and cash equivalents	(8,299)	1,176	(40,877)	-	(48,000)
Cash and cash equivalents at beginning of period	106,039	39,294	706,319	-	851,652
Cash and cash equivalents at end of period	\$ 97,740	40,470	665,442	-\$	803,652

## 7. Company Share Repurchase

On August 4, 2004 our Board of Directors established a program to repurchase our common shares. On July 26, 2007 our Board of Directors approved an increase in the then existing repurchase program to result in authority as of such date to repurchase up to a total of \$250,000,000 of our common shares. After repurchases of our common shares, on each of October 25, 2007, February 21, 2008 and April 23, 2008, our Board of Directors approved additional increases in the repurchase program to result in authority as of such dates to repurchase up to a total of \$250,000,000 of our common shares. During the three months ended March 31, 2008, the Company repurchased 4,926,992 of its common shares in the open market at an aggregate cost of \$167,941,000 and a weighted average cost of \$34.09 per share. The common shares we repurchased were canceled.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Business Overview

Platinum Underwriters Holdings, Ltd. ("Platinum Holdings") is a Bermuda holding company organized in 2002. Platinum Holdings and its subsidiaries (collectively, the "Company") operate through two licensed reinsurance subsidiaries: Platinum Underwriters Bermuda, Ltd. ("Platinum Bermuda") and Platinum Underwriters Reinsurance, Inc. ("Platinum US"). The terms "we", "us", and "our" also refer to Platinum Holdings and its consolidated subsidiaries, unless the context otherwise indicates. We provide property and marine, casualty and finite risk reinsurance coverages, through reinsurance intermediaries, to a diverse clientele of insurers and select reinsurers on a worldwide basis. Through December 31, 2006, we also underwrote business through Platinum Re (UK) Limited ("Platinum UK"). In 2007 Platinum UK ceased underwriting reinsurance business.

The following discussion and analysis should be read in conjunction with the consolidated financial statements and related notes thereto and management's discussion and analysis of financial condition and results of operations included in our Annual Report on Form 10-K for the year ended December 31, 2007. Our condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP").

We write property and casualty reinsurance. Property reinsurance protects a ceding company against financial loss arising out of damage to the insured's property or loss of its use caused by an insured peril. Property reinsurance covers damage principally to buildings and their contents and may be in the form of catastrophe coverage or per-risk coverage. Catastrophe reinsurance coverage protects a ceding company against losses arising out of multiple claims for a single event, while per-risk reinsurance coverage protects a ceding company against loss arising out of a single claim for a single risk or policy. We also write marine reinsurance which protects a ceding company against financial loss arising out of damage to ships and cargo. Casualty reinsurance protects a ceding company against financial loss arising out of the insured's obligation to others for loss or damage to their persons or property. Examples of casualty coverages are umbrella liability, general and product liability, professional liability, workers' compensation, casualty clash, automobile liability, surety, trade credit, political risk and accident and health. Casualty reinsurance may also be in the form of catastrophe and per-risk contracts.

The property and casualty reinsurance industry is highly competitive. We compete with reinsurers worldwide, many of which have greater financial, marketing and management resources than we do. Our competitors vary by type of business. Large multi-national and multi-line reinsurers represent some of our competitors in all lines and classes, while specialty reinsurance companies in the United States compete in selective lines. Bermuda-based reinsurers tend to be significant competitors on property catastrophe business. Lloyd's of London syndicates are our significant competitors on marine business. For casualty and other international classes of business, the large U.S. and European reinsurers are our significant competitors. Financial institutions have also created alternative capital market products that compete with reinsurance products, such as reinsurance securitization.

The reinsurance industry historically has been cyclical, characterized by periods of price competition due to excessive underwriting capacity as well as periods of favorable pricing due to shortages of underwriting capacity. Cyclical trends in the industry and the industry's profitability can also be significantly affected by volatile developments, including natural and other catastrophes, such as hurricanes, windstorms, earthquakes, floods, fires, explosions and terrorist attacks, the frequency and severity of which are inherently difficult to predict. Property and casualty reinsurance rates often rise in the aftermath of significant catastrophe losses. To the extent that actual claim liabilities are higher than anticipated, the industry's capacity to write new business diminishes. The industry is also affected by changes in the propensity of courts to expand insurance coverage and grant large liability awards, as well as fluctuations in interest rates, inflation and other changes in the economic environment that affect market prices of investments.

## Results of Operations

Net income for the three months ended March 31, 2008 and 2007 was as follows (\$ in thousands):

	2008	2007	Increase
Net income	\$ 105,171	72,833	\$ 32,338

The increase in net income in 2008 as compared with 2007 was primarily due to an increase in underwriting income of \$28,369,000. The increase in underwriting income was due to an increase in net favorable development and a decrease in major catastrophe losses. Actual reported losses were significantly less than expected and gained sufficient credibility in the current period to reduce estimated ultimate losses. Net favorable development was \$29,455,000 and \$13,895,000 in 2008 and 2007, respectively. The estimated net adverse impact in 2007 from European storm Kyrill was \$20,000,000 as compared to a net adverse impact of \$6,500,000 from European storm Emma in 2008.

Gross, ceded and net premiums written and earned for the three months ended March 31, 2008 and 2007 were as follows (\$ in thousands):

	2008	2007	Increase (decrease)
Gross premiums written	\$ 300,354	303,135	\$ (2,781)
Ceded premiums written	4,083	4,218	(135)
Net premiums written	296,271	298,917	(2,646)
Gross premiums earned	306,875	292,023	14,852
Ceded premiums earned	5,024	7,175	(2,151)
Net premiums earned	\$ 301,851	284,848	\$ 17,003

The decrease in gross premiums written in 2008 as compared with 2007 was primarily attributable to decreases in gross premiums written across most classes in the Casualty segment, substantially offset by an increase in property gross written premiums. Also impacting 2008 were increases in estimates of net premiums written of \$16,478,000 and net premiums earned of \$17,305,000 that related to business written in prior underwriting years and resulted from changes in their estimated patterns of attachment. The increase in net premiums earned was also due to changes in the mix of business and the structure of the underlying contracts.

Net investment income for the three months ended March 31, 2008 and 2007 was \$49,062,000 and \$51,699,000, respectively. Net investment income decreased in 2008 as compared with 2007 primarily due to a decrease in yields on invested assets as well as a slight decrease in invested assets. Net investment income included interest earned on funds held of \$837,000 and \$1,705,000 in 2008 and 2007, respectively. Net realized gains (losses) on investments were \$45,000 and (\$18,000) in 2008 and 2007, respectively. Net realized gains and losses on investments primarily resulted from our efforts to manage credit quality and cash flows.

Other income (expense) for the three months ended March 31, 2008 and 2007 was \$2,021,000 and (\$780,000), respectively. Other income in 2008 included \$2,927,000 of net unrealized gains relating to changes in fair value of fixed maturity securities classified as trading, an expense of \$810,000 for the fair value adjustment of derivative contracts, and \$73,000 of net expense on reinsurance contracts accounted for as deposits. Other expense in 2007 included \$665,000 of net unrealized losses relating to changes in the fair value of fixed maturity securities classified as trading and \$115,000 of net expense relating to reinsurance contracts accounted for as deposits.

Net losses and loss adjustment expenses ("LAE") and the resulting net loss and LAE ratios for the three months ended March 31, 2008 and 2007 were as follows (\$ in thousands):

	2008	2007	Decrease
Net losses and LAE	\$ 160,203	181,913	\$ (21,710)
Net loss and LAE ratios	53.1%	63.9%	( 10 . 8 ) points

The decrease in net losses and LAE and the related ratios in 2008 as compared to 2007 were due to a decrease in major catastrophe losses and an increase in net favorable loss development. European storm Kyrill resulted in \$24,520,000 of losses in 2007, which increased the net loss and LAE ratio by 8.7 points, compared to \$6,500,000 of losses from European storm Emma in 2008, which increased the net loss and LAE ratio by 2.2 points. Net losses and LAE and the resulting net loss and LAE ratios were also impacted by net favorable loss development of \$29,086,000 in 2008, which decreased the net loss and LAE ratio by 9.6 points, and \$12,577,000 in 2007, which decreased the net loss and LAE ratio by 4.4 points. The net loss and LAE ratios were also affected by changes in the mix of business.

Net acquisition expenses and resulting net acquisition expense ratios for the three months ended March 31, 2008 and 2007 were as follows (\$ in thousands):

	2008	2007	Increase
Net acquisition expenses	\$ 60,542	48,120	\$ 12,422
Net acquisition expense ratios	20.1%	16.9%	3.2 points

The increase in net acquisition expenses in 2008 as compared with 2007 was due to the increase in the net acquisition expense ratio and the increase in net premiums earned. The increase in the net acquisition expense ratio in 2008 as compared with 2007 was primarily due to changes in the mix of business primarily within the Casualty segment towards contracts with higher acquisition cost ratios.

Operating expenses for the three months ended March 31, 2008 and 2007 were \$21,690,000 and \$23,206,000, respectively. Operating expenses included costs such as salaries, rent and like items related to reinsurance operations as well as costs associated with Platinum Holdings and its non-operating intermediate holding company subsidiaries. The decrease in 2008 as compared with 2007 was primarily due to the expiration on September 30, 2007 of the Services and Capacity Reservation Agreement with Renaissance Re Holdings Ltd. ("RenaissanceRe") effective October 1, 2002 (the "RenRe Agreement") pursuant to which RenaissanceRe provided consulting services to us in connection with our property catastrophe book of business. In 2007 we incurred fees of \$2,880,000 under the RenRe Agreement.

Net foreign currency exchange gains for the three months ended March 31, 2008 and 2007 were \$4,869,000 and \$42,000, respectively. Foreign currency exchange gains and losses result from the re-valuation into U.S. dollars of assets and liabilities denominated in currencies other than the U.S. dollar. We periodically monitor our foreign currency exposures and may purchase or sell foreign currency denominated assets based on these exposures. The net foreign currency exchange gain in 2008 was the result of our holding more non-U.S. dollar denominated assets than non-U.S. dollar denominated liabilities, primarily the Euro, in the normal course of doing business in these currencies, while the U.S. dollar declined in value against these currencies.

Interest expense for the three months ended March 31, 2008 and 2007 was \$4,750,000 and \$5,455,000, respectively. The decrease in interest expense was the result of a reduction in the debt obligations outstanding in 2008 as compared to 2007.

Income tax expense and the effective income tax rates for the three months ended March 31, 2008 and 2007 were as follows (\$ in thousands):

	2008	2007	Increase (decrease)
Income tax expense	\$ 5,492	4,264	\$ 1,228
Effective income tax rates	5.0%	5.5%	(0.5) points

The increase in income tax expense in 2008 as compared with 2007 was due to the increase in taxable income generated by our subsidiaries that operate in taxable jurisdictions. The decrease in the effective income tax rate was the result of a greater portion of income before income tax expense being generated by Platinum Holdings and Platinum Bermuda in 2008, which are not subject to corporate income tax. In 2008, the combined net income before income tax expense derived from Platinum Holdings and Platinum Bermuda was 84.0% as compared to 81.2% in 2007. The effective tax rate in any given period is based on income before income tax expense of our subsidiaries that operate in various taxable jurisdictions, each of which has its own corporate income tax rate.

#### Segment Information

We conduct our worldwide reinsurance business through three operating segments: Property and Marine, Casualty and Finite Risk. In managing our operating segments, we use measures such as underwriting income and underwriting ratios to evaluate segment performance. We do not allocate by segment our assets or certain income and expenses such as investment income, interest expense and certain corporate expenses. Total underwriting income is reconciled to income before income tax expense. The measures we use in evaluating our operating segments should not be used as a substitute for measures determined under U.S. GAAP. The following table summarizes underwriting activity and ratios for each of the three operating segments for the three months ended March 31, 2008 and 2007 (\$ in thousands):

	Property and Marine	Casualty	Finite Risk	Total
--	------------------------	----------	-------------	-------

Edgar Filing: HORNBECK OFFSHORE SERVICES INC /LA - Form 10-K

Three months ended March 31,  
2008:

Net premiums written	\$	168,817	125,576	1,878	\$	296,271
Net premiums earned		153,390	147,495	966		301,851
Net losses and LAE		62,039	99,393	(1,229)		160,203
Net acquisition expenses		20,654	37,488	2,400		60,542
Other underwriting expenses		8,596	6,795	310		15,701
Segment underwriting income (loss)	\$	62,101	3,819	(515)		65,405
Net investment income						49,062
Net realized gains on investments						45
Net foreign currency exchange gains						4,869
Other income						2,021
Corporate expenses not allocated to segments						(5,989)
Interest expense						(4,750)
Income before income tax expense					\$	110,663
Ratios:						
Net loss and LAE		40.4%	67.4%	(127.2%)		53.1%
Net acquisition expense		13.5%	25.4%	248.4%		20.1%
Other underwriting expense		5.6%	4.6%	32.1%		5.2%
Combined		59.5%	97.4%	153.3%		78.4%

- 14 -



	Property and Marine	Casualty	Finite Risk	Total
Three months ended March 31, 2007:				
Net premiums written	\$ 137,654	152,183	9,080	\$ 298,917
Net premiums earned	119,710	154,019	11,119	284,848
Net losses and LAE	62,627	112,382	6,904	181,913
Net acquisition expenses	15,935	32,035	150	48,120
Other underwriting expenses	10,028	6,717	1,034	17,779
Segment underwriting income	\$ 31,120	2,885	3,031	37,036
Net investment income				51,699
Net realized losses on investments				(18)
Net foreign currency exchange gains				42
Other expense				(780)
Corporate expenses not allocated to segments				(5,427)
Interest expense				(5,455)
Income before income tax expense				\$ 77,097
Ratios:				
Net loss and LAE	52.3%	73.0%	62.1%	63.9%
Net acquisition expense	13.3%	20.8%	1.3%	16.9%
Other underwriting expense	8.4%	4.4%	9.3%	6.2%
Combined	74.0%	98.2%	72.7%	87.0%

### Property and Marine

The Property and Marine operating segment includes principally property (including crop) and marine reinsurance coverages that are written in the United States and international markets. This business includes property catastrophe excess-of-loss contracts, property per-risk excess-of-loss contracts and property proportional contracts. This operating segment represented 57.0% and 46.1% of our net premiums written during the three months ended March 31, 2008 and 2007, respectively.

Gross, ceded and net premiums written and earned for the three months ended March 31, 2008 and 2007 were as follows (\$ in thousands):

	2008	2007	Increase (decrease)
Gross premiums written	\$ 172,900	143,791	\$ 29,109
Ceded premiums written	4,083	6,137	(2,054)
Net premiums written	168,817	137,654	31,163
Gross premiums earned	158,414	128,817	29,597
Ceded premiums earned	5,024	9,107	(4,083)
Net premiums earned	\$ 153,390	119,710	\$ 33,680

The increase in gross premiums written in 2008 as compared to 2007 was primarily due to an increase in North American crop business. In addition there was an increase in reinstatement premiums in the ocean marine class

associated with large loss activity. The decline in ceded premiums written was attributable to the non-renewal in 2007 of a quota share retrocessional agreement under which we ceded 30% of our property catastrophe business. Net premiums earned in 2008 increased primarily as a result of the increase in gross premiums written. Net premiums written and earned in 2008 also included increases in estimates of net premiums written of \$4,663,000 and net premiums earned of \$3,892,000 that related to business written in prior underwriting years, and changes in their estimated patterns of attachment.

Net losses and LAE and the resulting net loss and LAE ratios for the three months ended March 31, 2008 and 2007 were as follows (\$ in thousands):

	2008	2007	Decrease
Net losses and LAE	\$ 62,039	62,627	\$ 588
Net loss and LAE ratios	40.4%	52.3%	11.9 points

The decrease in net losses and LAE and the related ratios in 2008 as compared to 2007 were due to a decrease in major catastrophe losses and an increase in net favorable loss development. European storm Kyrill resulted in \$24,520,000 of losses in 2007, which increased the net loss and LAE ratio by 21.3 points, compared to \$6,500,000 of losses from European storm Emma in 2008, which increased the net loss and LAE ratio by 4.2 points. Net losses and LAE and the resulting net loss and LAE ratios were also impacted by net favorable loss development of \$15,231,000 in 2008, which decreased the net loss and LAE ratio by 10.3 points, and \$8,195,000 in 2007, which decreased the net loss and LAE ratio by 6.8 points. Exclusive of losses resulting from European storms Kyrill and Emma and net favorable development, the net loss and LAE ratio increased by approximately 8.0 points due primarily to an increase in crop quota share business that has a higher expected loss ratio than the remainder of the segment. In addition, expected loss ratios for the 2008 underwriting year for most classes were higher than for the 2007 underwriting year due to decreasing rates. The net loss and LAE ratios were also affected by other changes in the mix of business.

Net acquisition expenses and resulting net acquisition expense ratios for the three months ended March 31, 2008 and 2007 were as follows (\$ in thousands):

	2008	2007	Increase
Net acquisition expenses	\$ 20,654	15,935	\$ 4,719
Net acquisition expense ratios	13.5%	13.3%	0.2 points

The increase in net acquisition expenses in 2008 as compared with 2007 was primarily due to an increase in net premiums earned. The net acquisition expense ratios were comparable.

Other underwriting expenses in 2008 and 2007 were \$8,596,000 and \$10,028,000, respectively. The decrease in 2008 as compared with 2007 was primarily due to the expiration of the RenRe Agreement on September 30, 2007. We incurred fees of \$2,880,000 under the RenRe Agreement in 2007.

### Casualty

The Casualty operating segment includes principally reinsurance contracts that cover umbrella liability, general and product liability, professional liability, workers' compensation, casualty clash, automobile liability, surety, trade credit, political risk and accident and health. This operating segment represented 42.4% and 50.9% of our net premiums written during the three months ended March 31, 2008 and 2007, respectively.

Gross, ceded and net premiums written and earned for the three months ended March 31, 2008 and 2007 were as follows (\$ in thousands):

	2008	2007	Decrease
Gross premiums written	\$ 125,576	152,206	\$ 26,630
Ceded premiums written	–	23	23
Net premiums written	125,576	152,183	26,607
Gross premiums earned	147,495	154,029	6,534
Ceded premiums earned	–	10	10
Net premiums earned	\$ 147,495	154,019	\$ 6,524

The decrease in net premiums written in 2008 as compared with 2007 was primarily due to decreases in business underwritten in 2007 and 2008 across most North American casualty classes with the most significant decreases in the umbrella class. The decrease was the result of fewer opportunities that met our underwriting standards. Also impacting premiums written and earned were changes in estimates in prior underwriting years' ultimate premiums and the patterns of their attachment resulting in increases in 2008 of net premiums written of \$11,792,000 and net premiums earned of \$13,390,000. Net premiums written and earned were also affected by changes in the mix of business and the structure of the underlying reinsurance contracts.

Net losses and LAE and the resulting net loss and LAE ratios for the three months ended March 31, 2008 and 2007 were as follows (\$ in thousands):

	2008	2007	Decrease
Net losses and LAE	\$ 99,393	112,382	\$ 12,989
Net loss and LAE ratios	67.4%	73.0%	5.6 points

The decrease in net losses and LAE and the related ratios in 2008 as compared with 2007 were primarily due to the decrease in net premiums earned and an increase in net favorable loss development. Net favorable loss development was \$12,088,000 in 2008, which decreased the net loss and LAE ratio by 8.2 points, as compared with \$1,397,000 in 2007, which decreased the net loss and LAE ratio by 0.9 points. Excluding the impact of net favorable loss development, the net loss and LAE ratio increased by 0.8 points in 2008 as compared with 2007 due to higher initial expected loss ratios in certain significant classes reflecting a decline in price adequacy. The net loss and LAE ratio in 2008 was also affected by the changes in the mix of business.

Net acquisition expenses and resulting net acquisition expense ratios for the three months ended March 31, 2008 and 2007 were as follows (\$ in thousands):

	2008	2007	Increase
Net acquisition expenses	\$ 37,488	32,035	\$ 5,453
Net acquisition expense ratios	25.4%	20.8%	4.6 points

The increase in net acquisition expenses in 2008 as compared with 2007 was due to differences in changes to adjustable commission. Net acquisition expenses included an increase in adjustable commissions of \$3,418,000 in 2008 related to favorable net loss development from prior years, representing 2.5% of net premiums earned as compared with a decrease of \$2,190,000 in 2007, representing 1.4% of net premiums earned. Net acquisition expense ratios were also impacted by changes in the mix of business.

Other underwriting expenses were comparable at \$6,795,000 and \$6,717,000 for the three months ended March 31, 2008 and 2007, respectively.

## Finite Risk

The Finite Risk operating segment includes principally structured reinsurance contracts with ceding companies whose needs may not be met efficiently through traditional reinsurance products. In exchange for contractual features that limit our downside risk, reinsurance contracts that we classify as finite risk provide the potential for significant profit commission to the ceding company. The classes of risks underwritten through finite risk contracts are generally consistent with the classes covered by traditional products. The finite risk contracts that we underwrite generally provide prospective protection, meaning coverage is provided for losses that are incurred after inception of the contract, as contrasted with retrospective coverage, which covers losses that are incurred prior to inception of the contract. The three main categories of our finite risk contracts are quota share, multi-year excess-of-loss and whole account aggregate stop loss. Due to the often significant inverse relationship between losses and commissions for this segment, we believe it is important to evaluate the overall combined ratio, rather than its component parts of net loss and LAE ratio and net acquisition expense ratio. The industry-wide investigations by governmental and regulatory authorities into potential misuse of finite products curtailed demand for these products beginning in 2005. This diminished demand continues in 2008. This operating segment represented 0.6% and 3.0% of our net premiums written during the three months ended March 31, 2008 and 2007, respectively.

Gross, ceded and net premiums written and earned for the three months ended March 31, 2008 and 2007 were as follows (\$ in thousands):

	2008	2007	Increase (decrease)
Gross premiums written	\$ 1,878	7,138	\$ (5,260)
Ceded premiums written	–	(1,942)	1,942
Net premiums written	1,878	9,080	(7,202)
Gross premiums earned	966	9,177	(8,211)
Ceded premiums earned	–	(1,942)	1,942
Net premiums earned	\$ 966	11,119	\$ (10,153)

The decreases in net premiums written and net premiums earned in 2008 as compared with 2007 reflect the continuing reduction in the demand for finite business.

Net losses and LAE, net acquisition expenses and the resulting net loss and LAE and acquisition ratios for the three months ended March 31, 2008 and 2007 were as follows (\$ in thousands):

	2008	2007	Increase (decrease)
Net losses and LAE	\$ (1,229)	6,904	\$ (8,133)
Net acquisition expenses	2,400	150	2,250
Net losses, LAE and acquisition expenses	\$ 1,171	7,054	\$ (5,883)
Net loss, LAE and acquisition expense ratios	121.2%	63.4%	57.8 points

The decrease in net losses, LAE and acquisition expenses in 2008 as compared with 2007 was primarily due to the decrease in net premiums earned. The increase in the net loss, LAE and acquisition expense ratio was primarily due to an increase in profit commission from prior years. Net unfavorable development was \$213,000 in 2008, which increased the net loss and LAE ratio by 22.0 points, as compared with net favorable development of approximately \$2,688,000 in 2007, which decreased the net loss and LAE ratio by 24.2 points. Also contributing to the increase in the net loss, LAE and acquisition expense ratio in 2008 was the expiration of a significant finite casualty contract that had a lower combined ratio than the remainder of the Finite Risk segment.

Other underwriting expenses for the three months ended March 31, 2008 and 2007 were \$310,000 and \$1,034,000, respectively. The decrease in 2008 as compared with 2007 was due to a decline in underwriting activity in the segment and a lower percentage of underwriting expenses allocated to the segment.

#### Financial Condition, Liquidity and Capital Resources

##### Financial Condition

Cash and cash equivalents and investments as of March 31, 2008 and December 31, 2007 were as follows (\$ in thousands):

	March 31, 2008	December 31, 2007	Increase (decrease)
Cash and cash equivalents	\$ 1,034,344	1,076,279	\$ (41,935)
Fixed maturity securities	3,205,200	3,361,741	(156,541)
Preferred stocks	10,066	9,607	459
Short-term investments	135,418	13,876	121,542
Total	\$ 4,385,028	4,461,503	\$ (76,475)

The net decrease in total cash and cash equivalents and investments as of March 31, 2008 as compared with December 31, 2007 was primarily due to our share repurchases in 2008. Our available-for-sale and trading portfolios are primarily composed of diversified, high quality, predominantly publicly traded fixed maturity securities. The investment portfolio, excluding cash and cash equivalents, had a weighted average duration of 3.1 years as of March 31, 2008. We routinely monitor the composition of our investment portfolio and cash flows in order to maintain liquidity necessary to meet our obligations.

As of March 31, 2008, we had \$1,403,483,000 of mortgage-backed and asset-backed securities in our investment portfolio, representing approximately 32% of cash and cash equivalents and investments. The following is a breakdown of our mortgage-backed and asset-backed securities as of March 31, 2008 (\$ amounts in thousands):

	Amortized Cost	Fair Value	Weighted Average Credit Rating
U.S. Government agency mortgage-backed securities	\$ 638,388	\$ 646,273	Aaa
Commercial mortgage-backed securities	394,029	377,900	Aaa
Asset-backed securities	203,789	194,837	Aaa
Residential mortgage-backed securities	195,866	184,473	Aa
Total	\$ 1,432,072	\$ 1,403,483	Aaa

Approximately 46% of the mortgage-backed and asset-backed securities in our investment portfolio were issued or guaranteed by the Government National Mortgage Association, the Federal National Mortgage Association, or the Federal Home Loan Mortgage Corporation and are referred to as U.S. Government agency mortgage-backed securities. Included in residential mortgage-backed securities were securities with an amortized cost of \$22,290,000 and fair value of \$20,865,000 where the underlying collateral consists primarily of "Alt-A" mortgages. These securities have a weighted average credit rating of Aa at March 31, 2008.

The U.S. sub-prime residential mortgage market has experienced significantly increased delinquencies which resulted in increased volatility and decreased liquidity in the financial markets and the structured securities markets in particular. Our securities with underlying sub-prime mortgage exposure were categorized above as asset-backed securities and were investment grade at March 31, 2008. The following table summarizes our nine asset-backed securities within our fixed income portfolio exposed to the sub-prime residential mortgage market as of March 31, 2008 (\$ in thousands):

	Amortized Cost	Fair Value
Vintage year 2005 and ratings of Aa or A	\$ 38,136	\$ 28,133
Vintage year 2006 and ratings of Aaa	3,994	2,860
Total	\$ 42,130	\$ 30,993

We continually monitor market events impacting our portfolio, including our sub-prime securities, and review sub-prime securities along with the rest of our portfolio for potential other-than-temporary impairments. We did not consider any of the mortgage-backed and asset-backed securities we hold to be other-than-temporarily impaired as of March 31, 2008.

Certain assets and liabilities associated with underwriting include significant estimates. Reinsurance premiums receivable, deferred acquisition costs, unpaid losses and LAE, unearned premiums and commissions payable all represent or include significant estimates. Reinsurance premiums receivable as of March 31, 2008 of \$304,240,000 included \$238,789,000 that was based upon estimates. Reinsurance premiums receivable as of December 31, 2007 of \$244,360,000 included \$195,890,000 that was based upon estimates. The increase in reinsurance premiums receivable as of March 31, 2008 as compared with December 31, 2007 was due to an increase in the premiums written in the first quarter of 2008 as compared to the fourth quarter of 2007. An allowance for uncollectible reinsurance premiums is considered for possible non-payment of such amounts due, as deemed necessary. As of March 31, 2008, based on our historical experience, the general profile of our ceding companies and our ability, in most cases, to contractually offset reinsurance premiums receivable with losses and LAE or other amounts payable to the same parties, we did not establish an allowance for uncollectible reinsurance premiums receivable.

Gross unpaid losses and LAE as of March 31, 2008 of \$2,410,227,000 included \$1,735,751,000 of estimates of claims that are incurred but not reported ("IBNR"). Gross unpaid losses and LAE as of December 31, 2007 of \$2,361,038,000 included \$1,700,454,000 of IBNR. The increase in unpaid losses related primarily to the casualty line of business as minor increases in the property and marine business were offset by declines in unpaid losses related to finite business.

Commissions payable as of March 31, 2008 of \$111,908,000 included \$92,234,000 that was based upon premium estimates. Commissions payable as of December 31, 2007 of \$100,204,000 included \$91,035,000 that was based upon premium estimates. The increase in commissions payable as of March 31, 2008 as compared with December 31, 2007 was due to the increase in premiums written in the first quarter of 2008 as compared to the fourth quarter of 2007 and is consistent with the increase in reinsurance premiums receivable.

We entered into two derivative contracts during the first quarter of 2008. The first was an option to purchase retrocessional protection. The second was a derivative contract under which we can recover up to \$120,000,000 from the counterparty if modeled losses from both a first and second catastrophe event exceed a specified attachment point. The fair values of these derivatives were adjusted and the resulting expense of \$810,000 was included in other expense in 2008.

#### Sources of Liquidity

Our consolidated sources of funds consist primarily of premiums written, investment income, proceeds from sales and redemption of investments, losses recovered from retrocessionaires, issuance of securities and actual cash and cash equivalents held by us. Net cash flows provided by operations, excluding trading security activities, for the three months ended March 31, 2008 were \$97,280,000.

Platinum Holdings is a holding company that conducts no reinsurance operations of its own. All of our reinsurance operations are conducted through our wholly owned reinsurance subsidiaries, Platinum Bermuda and Platinum US. As a holding company, the cash flows of Platinum Holdings consist primarily of interest income, dividends and other permissible payments from its subsidiaries and issuances of securities. Platinum Holdings depends on such payments for general corporate purposes and to meet its obligations, including the payment of preferred dividends, common dividends and repurchases of common shares.

In addition to the net cash flows generated from operations, we have an effective universal shelf registration statement whereby we may issue and sell, in one or more offerings, up to \$750,000,000 of debt, equity and other types of securities or a combination of such securities, including debt securities of Platinum Finance unconditionally guaranteed by Platinum Holdings. This shelf registration statement had approximately \$440,000,000 of remaining capacity as of March 31, 2008. We also have a \$400,000,000 credit facility with a syndicate of lenders available for revolving borrowings and letters of credit expiring on September 13, 2011. The credit facility is generally available for our working capital, liquidity, letters of credit and general corporate requirements and those of our subsidiaries. As of March 31, 2008 this facility had \$317,992,000 of capacity available to us.



### Liquidity Requirements

Our principal consolidated cash requirements are the payment of losses and LAE, commissions, brokerage, operating expenses, dividends to our preferred and common shareholders, the servicing of debt, capital expenditures, purchase of retrocessional contracts and payment of taxes.

Platinum Bermuda is not licensed, approved or accredited as a reinsurer anywhere in the United States and, therefore, under the terms of most of its contracts with United States ceding companies, it is required to provide collateral to its ceding companies for unpaid ceded liabilities in a form acceptable to state insurance commissioners. Typically, this type of collateral takes the form of letters of credit issued by a bank, the establishment of a trust, or funds withheld. Platinum Bermuda provides letters of credit through the credit facility and may be required to provide the banks with a security interest in certain investments of Platinum Bermuda including the credit facility described above.

We believe that the net cash flows generated by the operating activities of our subsidiaries in combination with cash and cash equivalents on hand will provide sufficient funds to meet our liquidity needs over the next twelve months. Beyond the next twelve months, cash flows available to us may be influenced by a variety of factors, including economic conditions in general and in the insurance and reinsurance markets, legal and regulatory changes as well as fluctuations from year to year in claims experience and the occurrence or absence of large catastrophic events. If our liquidity needs accelerate beyond our ability to fund such obligations from current operating cash flows, we may need to liquidate a portion of our investment portfolio, borrow under the credit facility described above or raise additional capital in the capital markets. Our ability to meet our liquidity needs by selling investments or raising additional capital is subject to the timing and pricing risks inherent in the capital markets.

### Capital Resources

The Company does not have any material commitments for capital expenditures as of March 31, 2008.

### Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements and, therefore, there is no effect on its financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources from these types of arrangements.

### Contractual Obligations

There have been no material changes to our contractual obligations as disclosed under Management's Discussion and Analysis of Financial Condition – Contractual Obligations in our Annual Report on Form 10-K for the year ended December 31, 2007.

### Economic Conditions

Periods of moderate economic recession or inflation tend not to have a significant direct effect on our underwriting operations. Significant unexpected inflationary or recessionary periods can, however, impact our underwriting operations and investment portfolio. Management considers the potential impact of economic trends in the estimation process for establishing unpaid losses and LAE.

### Current Outlook

During the period from January 1 through April 1, 2008, approximately 67% of our business was up for renewal. We were able to maintain the size of our net portfolio of reinsurance contracts as new business largely offset cancelled

business. While rate adequacy declined in most classes, we found relatively more attractive opportunities in our Property and Marine segment and fewer attractive opportunities in our Casualty and Finite segments.

For the Property and Marine segment, during the period from January 1 through April 1, 2008 we experienced average rate decreases of 12% on our U.S. property catastrophe excess renewal business while rates on our non-U.S. property catastrophe excess renewal business were down 4%. In addition, we experienced average rate decreases of approximately 12% on our marine renewal business. Per risk excess rates decreased approximately 5% for our U.S. business and approximately 3% for our non-U.S. business.

During the period from January 1 through April 1, 2008 we increased our writings of North American crop business from approximately \$47 million to approximately \$129 million. Most of this increase was attributable to one large quota share contract. While favorable experience in recent years has led to some deterioration in terms and conditions in this class of business, we believe there remains an adequate opportunity for profit. As most of the crop reinsurance contracts incept at January 1 we do not expect to write a significant amount of additional crop business for the remainder of 2008.

During the period from January 1 through April 1, 2008 we wrote approximately 15% less U.S. catastrophe excess-of-loss premium than we did during the same period in 2007. However, due to the rate decreases in this class of business, our net retained risk has remained at the same level for 2008 while our potential profit has decreased. We believe the profitability remains adequate for the risk and for 2008 we plan to deploy capacity such that up to approximately 22.5% of our total capital could be exposed to an event with a probability of 1 in 250 years.

The lack of significant catastrophe activity in 2007 contributed to excellent financial results, stronger balance sheets and increased capacity for many reinsurers. Though many reinsurers have implemented capital management programs, we believe the net effect has been increased industry capacity. This has led to intensified competition and rate decreases in 2008. We believe that most classes within the Property and Marine segment will continue to experience some rate deterioration for the remainder of 2008.

For the Casualty segment, although we believe that the market offers adequate returns on certain accounts, pricing has been softening. Ceding companies are willing to increase retentions and reinsurers are competing for participation on the best contracts. During the period from January 1 through April 1, 2008 rate decreases across our casualty business, other than accident and health, have ranged from approximately 1% to 11%. The overall average was a decrease of approximately 7%, against a background of upward trending loss costs. As a result, we believe the business underwritten in 2008 will have a lower level of expected profitability as compared with the business underwritten in 2007.

During the period January 1 through April 1, 2008 we wrote approximately 18% less casualty business than we did during the same period in 2007. We expect market conditions will continue to weaken through the remainder of 2008 and that fewer casualty opportunities will be attractive. We believe that financial security remains a significant concern for buyers of long-tailed reinsurance protection who typically seek reinsurers with strong balance sheets, quality ratings, and a proven claims-paying record. We believe that our rating, capitalization and reputation as a lead casualty reinsurer position us well to write profitable business as opportunities arise.

In the Finite Risk segment, we believe that the ongoing investigations by the SEC, the office of the Attorney General for the State of New York, the U.S. Attorney for the Southern District of New York as well as various non-U.S. regulatory authorities continue to limit demand for finite risk transfer products. We expect the relatively low level of demand will continue for the foreseeable future.

#### Critical Accounting Estimates

It is important to understand our accounting estimates in order to understand our financial position and results of operations. We consider certain of these estimates to be critical to the presentation of the financial results since they require management to make estimates and valuation assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures. Certain of the estimates and assumptions result from judgments that are necessarily subjective and, consequently, actual results may materially differ from these estimates. Our critical accounting estimates include premiums written and earned, unpaid losses and LAE, valuation of investments and evaluation of risk transfer. For a detailed discussion of the Company's critical accounting estimates please refer to Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2007. There have been no material changes in the application of the Company's critical accounting estimates subsequent to December 31, 2007.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

#### Market and Credit Risk

During the quarter, the fair values of our fixed maturity securities experienced significant volatility resulting in large changes in our unrealized gain and loss position at any particular point in time due to a combination of economic events. The contagion from the sub-prime residential mortgage market was evident in most other fixed income sectors as illiquidity in the market place continued and interest rate spreads reached historical levels against U.S. treasuries, most notably spreads on mortgage-backed and asset-backed securities. The Federal Reserve in the United States reduced the federal funds target rate by 200 basis points during the first quarter and intervened with non-traditional measures to enhance and promote market liquidity and ensure financial market stability.

Our principal invested assets are fixed maturity securities, which are subject to the risk of potential losses from adverse changes in market rates and prices and credit risk resulting from adverse changes in the borrower's ability to meet its debt service obligations. Our strategy to limit this risk is to place our investments in high quality credit issues and to limit the amount of credit exposure with respect to any one issuer or asset class. We also select investments with characteristics such as duration, yield, currency and liquidity to reflect, in the aggregate, the underlying characteristics of our unpaid losses and LAE. We attempt to minimize the credit risk by actively monitoring the portfolio and establishing a guideline minimum average credit rating for our portfolio of A2 as defined by Moody's Investor Service ("Moody's"). As of March 31, 2008, the portfolio, excluding cash, cash equivalents and short-term investments, had a dollar weighted average credit rating of Aa1 as defined by Moody's.

We have other receivable amounts subject to credit risk. The most significant of these are reinsurance premiums receivable from ceding companies. We also have reinsurance recoverable amounts from our retrocessionaires. To mitigate credit risk related to premiums receivable, we have established standards for ceding companies and, in most cases, have a contractual right of offset which would allow us to settle claims net of any premiums receivable. To

mitigate credit risk related to our reinsurance recoverable amounts, we consider the financial strength of our retrocessionaires when determining whether to purchase coverage from them. Retrocessional coverage is obtained from companies rated "A-" or better by A. M. Best Company, Inc. ("A.M. Best") or from retrocessionaires whose obligations are fully collateralized. The financial performance and rating status of all material retrocessionaires is routinely monitored.

In accordance with industry practice, we frequently pay amounts in respect of claims under contracts to reinsurance brokers for payment over to the ceding companies. In the event that a broker fails to make such a payment, depending on the jurisdiction, we may remain liable to the ceding company for the payment. Conversely, in certain jurisdictions, when ceding companies remit premiums to reinsurance brokers, such premiums are deemed to have been paid to us and the ceding company is no longer liable to us for those amounts whether or not the funds are actually received by us. Consequently, we assume a degree of credit risk associated with our brokers during the premium and loss settlement process. To mitigate credit risk related to reinsurance brokers, we have established guidelines for brokers and intermediaries.

### Interest Rate Risk

We are exposed to fluctuations in interest rates. Movements in rates can result in changes in the market value of our fixed maturity portfolio and can cause changes in the actual timing of receipt of principal payments of certain securities. Rising interest rates result in a decrease in the market value of our fixed maturity portfolio and can expose our portfolio, in particular our mortgage-backed securities, to extension risk. Conversely, a decrease in interest rates will result in an increase in the market value of our fixed maturity portfolio and can expose our portfolio, in particular our mortgage-backed securities, to prepayment risk. An aggregate hypothetical impact on the market value of our fixed maturity portfolio, generated from an immediate parallel shift in the treasury yield curve, as of March 31, 2008 is as follows (\$ in thousands):

	Interest Rate Shift in Basis Points				
	- 100 bp	- 50 bp	Current	+ 50 bp	+ 100 bp
Total market value	\$ 3,363,291	3,260,467	3,205,200	3,151,745	\$ 3,095,661
Percent change in market value	4.9%	1.7%		(1.7%)	(3.4%)
Resulting unrealized appreciation / (depreciation)	\$ 134,836	32,012	(23,255)	(76,710)	\$ (132,794)

- 20 -

## Foreign Currency Exchange Rate Risk

We write business on a worldwide basis. Consequently, our principal exposure to foreign currency risk is the transaction of business in foreign currencies. Changes in foreign currency exchange rates can impact revenues, costs, receivables and liabilities, as measured in the U.S. dollar, our financial reporting currency. We manage our exposure to large foreign currency risks by holding invested assets denominated in non-U.S. dollar currencies to offset liabilities denominated in the same foreign currencies. We may from time to time hold more non-U.S. dollar denominated assets than non-U.S. dollar liabilities.

## Sources of Fair Value

The following table presents the carrying amounts and estimated fair values of our financial instruments as of March 31, 2008 (\$ in thousands):

	Carrying Amount	Fair Value
Financial assets:		
Fixed maturity securities	\$ 3,205,200	\$ 3,205,200
Preferred stocks	10,066	10,066
Short-term investments	135,418	135,418
Derivative instruments	5,950	5,950
Financial liabilities:		
Debt obligations	\$ 250,000	\$ 249,750

The fair value of our fixed maturity securities, preferred stocks, short-term investments and debt obligations are based on prices obtained from independent sources for those or similar investments using quoted prices in active markets and standard market valuation pricing models. The inputs used in standard market valuation pricing models may include but are not limited to: credit ratings, interest rates and yield curves at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks and default rates. Our derivative instruments, which are included in other assets in the consolidated balance sheet, are priced at fair value using unobservable inputs through the application of our own assumptions and internal valuation pricing models.

## Item 4. CONTROLS AND PROCEDURES

### Disclosure Controls and Procedures

Our management, including the Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) as of the end of the period covered by this report. Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and timely reported as specified in the SEC's rules and forms.

### Changes in Internal Control over Financial Reporting

No changes occurred during the quarter ended March 31, 2008 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

#### Forward-Looking Statements

This Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act. Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, us.

In particular, statements using words such as “may,” “should,” “estimate,” “expect,” “anticipate,” “intend,” “believe,” “potential,” or words of similar import generally involve forward-looking statements. For example, we have included certain forward-looking statements in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” with regard to trends in results, prices, volumes, operations, investment results, margins, risk management and exchange rates. This Form 10-Q also contains forward-looking statements with respect to our business and industry, such as those relating to our strategy and management objectives and trends in market conditions, market standing, product volumes, investment results and pricing conditions.

In light of the risks and uncertainties inherent in all future projections, the inclusion of forward-looking statements in this Form 10-Q should not be considered as a representation by us or any other person that our objectives or plans will be achieved. Numerous factors could cause our actual results to differ materially from those in forward-looking statements, including the following:

- (1) significant weather-related or other natural or man-made disasters over which we have no control;
- (2) the effectiveness of our loss limitation methods and pricing models;
- (3) the adequacy of our liability for unpaid losses and LAE;
- (4) our ability to maintain our A.M. Best. rating;
- (5) the cyclical nature of the property and casualty reinsurance business;
- (6) conducting operations in a competitive environment;

- (7) our ability to maintain our business relationships with reinsurance brokers;
- (8) the availability of retrocessional reinsurance on acceptable terms;
- (9) market volatility, interest rate and currency exchange rate fluctuation, and credit risk on invested assets;
- (10) tax, regulatory or legal restrictions or limitations applicable to us or the property and casualty reinsurance business generally;
- (11) general political and economic conditions, including the effects of civil unrest, acts of terrorism, war or a prolonged U.S. or global economic downturn or recession; and
- (12) changes in our plans, strategies, objectives, expectations or intentions, which may happen at any time at our discretion.

As a consequence, current plans, anticipated actions and future financial condition and results may differ from those expressed in any forward-looking statements made by or on behalf of us. The foregoing factors, which are discussed in more detail in Item 1A – “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2007, should not be construed as exhaustive. Additionally, forward-looking statements speak only as of the date they are made, and we undertake no obligation to release publicly the results of any future revisions or updates we may make to forward-looking statements to reflect new information or circumstances after the date hereof or to reflect the occurrence of future events.

## PART II – OTHER INFORMATION

### Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

2.

(c) Following is a summary of purchases by us of our common shares during the quarterly period ended March 31, 2008:

Period	(a) Total Number of Shares Purchased	(b) Average Price paid per Share	(c)	(d)
			Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs *	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
January 1, 2008 – January 31, 2008	1,162,892	\$ 35.43	1,162,892	\$ 85,063,000
February 1, 2008 – February 29, 2008	1,009,500	34.77	1,009,500	214,873,852
March 1, 2008 – March 31, 2008	2,754,600	33.22	2,754,600	123,296,579
Total	4,926,992	\$ 34.06	4,926,992	\$ 123,296,579

\*On August 4, 2004 our Board of Directors established a program to repurchase our common shares. On July 26, 2007 our Board of Directors approved an increase in the then existing repurchase program to result in authority as of such date to repurchase up to a total of \$250,000,000 of our common shares. After repurchases of our common shares, on each of October 25, 2007, February 21, 2008 and April 23, 2008 our Board of Directors approved additional increases in the repurchase program to result in authority as of such dates to repurchase up to a total of

\$250,000,000 of our common shares. During the three months ended March 31, 2008, the Company repurchased 4,926,992 of its common shares in the open market at an aggregate cost of \$167,941,000 and a weighted average cost of \$34.09 per share. The common shares we repurchased were canceled.

Item 6. EXHIBITS

Exhibit Number	Description
10.1	Letter Agreement dated March 3, 2008 between the Company, Steven H. Newman, SHN Enterprises, Inc. and Platinum US, and exhibits thereto. (1)
10.2	Assignment of Amended and Restated Option Agreement, effective as of April 1, 2008, among the Company, The Travelers Companies, Inc. and Unionamerica Insurance Company Limited.
10.3	Termination Addendum, effective December 31, 2007, to Casualty and Specialty Quota Share Retrocession Agreement dated as of January 1, 2007 by and between Platinum US and Platinum Bermuda.
31.1	Certification of Michael D. Price, Chief Executive Officer of Platinum Holdings, pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
31.2	Certification of James A. Krantz, Chief Financial Officer of Platinum Holdings, pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
32.1	Certification of Michael D. Price, Chief Executive Officer of Platinum Holdings, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of James A. Krantz, Chief Financial Officer of Platinum Holdings, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002.

(1) Incorporated by reference from the Company's Current Report on Form 8-K filed with the SEC on March 4, 2008.



SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Platinum Underwriters Holdings, Ltd.

Date: April 29, 2008

/s/ MICHAEL D. PRICE  
By: Michael D. Price  
President and Chief Executive Officer  
(Principal Executive Officer)

Date: April 29, 2008

/s/ JAMES A. KRANTZ  
By: James A. Krantz  
Executive Vice President and Chief Financial  
Officer  
(Principal Financial and Accounting Officer)