

HERCULES OFFSHORE, INC.

Form 424B1

November 14, 2006

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(2)
Common Stock, par value \$0.01 per share	8,625,000	\$33.00	\$284,625,000	\$30,455
Rights to Purchase Series A Junior Participating Preferred Stock(3)				

(1) Includes shares of common stock subject to an over-allotment option granted by the selling stockholders to the underwriters.

(2) Calculated in accordance with Rule 457(r).

(3) The rights to purchase Series A Junior Participating Preferred Stock are attached to and trade with the shares of common stock being registered hereby. The value attributed to such rights, if any, is reflected in the market price of the common stock. Accordingly, no separate registration fee is payable with respect thereto.

7,500,000 Shares

Hercules Offshore, Inc.

Common Stock

The shares of common stock are being sold by the selling stockholders. Our common stock is listed on the NASDAQ Global Select Market under the symbol HERO. The last reported sale price of our common stock on the NASDAQ Global Select Market on November 13, 2006 was \$33.76 per share. We will not receive any of the proceeds from the sale of shares of common stock sold by the selling stockholders.

The underwriters have an option to purchase a maximum of 1,125,000 additional shares from the selling stockholders to cover over-allotments of shares.

As described in this prospectus, in order to enable us to comply with U.S. shipping laws, our certificate of incorporation limits to 20% the aggregate ownership of our common stock by non-United States citizens.

Investing in our common stock involves risks. See Risk Factors beginning on page 9.

	Price to	Underwriting Discounts and	Proceeds to Selling
	Public	Commissions	Stockholders
Per Share	\$33.00	\$1.2375	\$31.7625
Total	\$247,500,000	\$9,281,250	\$238,218,750

Delivery of the shares of common stock will be made on or about November 17, 2006.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Credit Suisse

Citigroup

Deutsche Bank Securities

Simmons & Company

International

UBS Investment Bank

Morgan Keegan & Company, Inc.

Pickering Energy Partners

The date of this prospectus is November 13, 2006.

TABLE OF CONTENTS

<u>PROSPECTUS SUMMARY</u>	Page
<u>RISK FACTORS</u>	1
<u>FORWARD-LOOKING INFORMATION</u>	9
<u>USE OF PROCEEDS</u>	20
<u>PRICE RANGE OF COMMON STOCK AND DIVIDEND POLICY</u>	22
<u>SELLING STOCKHOLDERS</u>	22
<u>DESCRIPTION OF CAPITAL STOCK</u>	23
<u>UNDERWRITING</u>	25
	32
<u>NOTICE TO CANADIAN RESIDENTS</u>	Page
<u>MATERIAL UNITED STATES FEDERAL TAX CONSIDERATIONS FOR NON-U.S. HOLDERS</u>	36
<u>LEGAL MATTERS</u>	38
<u>EXPERTS</u>	40
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	41

You should rely only on the information contained in or incorporated by reference in this prospectus or any free writing prospectus provided in connection with this offering. Neither we nor the underwriters have authorized anyone else to provide you with different information. Neither we nor the underwriters are making any offer of these securities in any jurisdiction where the offer is not permitted. The information contained or incorporated by reference in this prospectus and any free writing prospectus provided in connection with this offering is accurate only as of the respective dates thereof or, in the case of information incorporated by reference, only as of the date of such information, regardless of the time of delivery of this prospectus or any free writing prospectus. Our business, financial condition, results of operations and prospects may have changed since such dates. It is important for you to read and consider all the information contained in this prospectus, including the documents incorporated by reference herein, in making your investment decision.

Industry and Market Data

In this prospectus or the documents we incorporate by reference, we rely on and refer to information regarding our industry from the U.S. Energy Information Administration and ODS-Petrodata, Inc. These organizations are not affiliated with us and are not aware of and have not consented to being named in this prospectus. We believe this information is reliable. In addition, in many cases we have made statements in this prospectus regarding our industry and our position in the industry based on our experience in the industry and our own evaluation of market conditions.

Non-GAAP Financial Measures

The body of accounting principles generally accepted in the United States is commonly referred to as GAAP. A non-GAAP financial measure is generally defined by the U.S. Securities and Exchange Commission, or SEC, as one that purports to measure historical or future financial performance, financial position or cash flows, but excludes or includes amounts that would not be so adjusted in the most comparable GAAP measures. In this prospectus, we disclose Adjusted EBITDA, a non-GAAP financial measure. Adjusted EBITDA is calculated as net income before interest expense, taxes, depreciation and amortization, gain on disposal of assets and loss on early retirement of debt. Adjusted EBITDA is not a substitute for the GAAP measures of earnings and cash flow.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus about our company. This summary is not complete and does not contain all of the information that is important to you or that you should consider before investing in our common stock. The information is qualified in its entirety by reference to detailed information and financial statements appearing elsewhere in this prospectus and the documents incorporated by reference herein and, therefore, should be read together with those documents. To understand the offering and our business fully, we strongly encourage you to read carefully this entire prospectus and the other documents incorporated by reference herein. Unless the context requires otherwise or we specifically indicate otherwise, the information in this prospectus assumes that the underwriters do not exercise their over-allotment option, and the terms Hercules, our company, we, our, ours and us refer to Hercules Offshore, Inc. and its subsidiaries.

Our Company

We provide shallow-water drilling and liftboat services to the oil and natural gas exploration and production industry in the U.S. Gulf of Mexico and internationally. We provide these services to major integrated energy companies and independent oil and natural gas operators. We currently operate a fleet of nine jackup rigs that are capable of drilling in maximum water depths ranging from 85 to 250 feet and a fleet of 64 liftboats with leg lengths ranging from 105 to 260 feet. In the U.S. Gulf of Mexico, we have the fourth-largest fleet of jackup rigs operating in water depths of 250 feet and less and the largest fleet of liftboats with leg lengths greater than 100 feet.

Our jackup rigs are mobile, self-elevating drilling platforms equipped with legs that can be lowered to the ocean floor until a foundation is established to support the drilling platform. Our rigs are used primarily for exploration and development drilling in the shallow waters of the U.S. Gulf of Mexico and internationally. Six of our jackup rigs have a cantilever design that permits the drilling platform to be extended out from the hull to perform drilling or workover operations over certain types of preexisting platforms or structures. Three of our jackup rigs have a slot-type design, which requires drilling operations to take place through a slot in the hull. Historically, jackup rigs with a cantilever design have maintained higher levels of utilization than rigs with a slot-type design, which are primarily used for exploratory drilling. However, one of our slot-type rigs has a competitive advantage in very shallow water as it is one of the few jackup rigs in the world that can drill in water depths as shallow as nine feet.

The following table contains information regarding our jackup rig fleet as of November 7, 2006.

Rig		Maximum/ Minimum Water Depth Rating (feet)	Rated Drilling Depth (feet)(1)	Location	Status
Name	Type				
11	Mat-supported, cantilever	200/21	20,000(2)	U.S. Gulf of Mexico	Contracted
15	Independent leg, slot	85/9	20,000	U.S. Gulf of Mexico	Contracted
16	Independent leg, cantilever	170/16	16,000	Middle East	Contracted
20	Mat-supported, cantilever	100/20	25,000	U.S. Gulf of Mexico	Contracted
21	Mat-supported, cantilever	120/22	20,000	U.S. Gulf of Mexico	Contracted
22	Mat-supported, cantilever	173/22	15,000	U.S. Gulf of Mexico	Contracted
26	Independent leg, cantilever	250/12	20,000	U.S. Gulf of Mexico	Shipyard
30	Mat-supported, slot	250/25	20,000	U.S. Gulf of Mexico	Contracted
31	Mat-supported, slot	250/25	20,000	Asia	Contracted

- (1) Rated drilling depth means drilling depth stated by the manufacturer of the rig. Depending on deck space and other factors, a rig may not have the actual capacity to drill at the rated drilling depth.

(2) Rated workover depth. *Rig 11* is currently configured for workover activity, which includes maintenance and repair or modification of wells that have already been drilled and completed to enhance or resume the well's production.

Our liftboats are self-propelled, self-elevating vessels with a large open deck space, which provides a versatile, mobile and stable platform to support a broad range of offshore maintenance and construction services throughout the life of an oil or natural gas well. Once a liftboat is in position, typically adjacent to an offshore production platform or well, third-party service providers perform inspection, maintenance or construction service on the platform or well. Unlike larger and more costly alternatives, such as jackup rigs or construction barges, our liftboats are self-propelled and can quickly reposition at a worksite or move to another location without third-party assistance. The following table contains information regarding our liftboat fleet as of November 7, 2006.

Gulf of Mexico

Leg Length/ Liftboat Class (feet)	Number of Liftboats	Average Deck Area (square feet)	Average Maximum Deck Load (pounds)
260	1	8,170	729,000
229-230	3	5,100	666,667
190-215	6	4,331	675,000
140-170	8	2,564	245,625
120-130	14	1,791	134,500
105	15	1,346	107,143

West Africa

Leg Length/ Liftboat Class (feet)	Number of Liftboats(1)	Average Deck Area (square feet)	Average Maximum Deck Load (pounds)
170-215	2	3,500	350,000
140-150	4	2,650	193,750
120-130	7	1,629	107,143
105	4	1,419	92,500

(1) Includes five vessels operated by us but owned by a third party.

We generally contract our jackup rigs and liftboats under daily rental agreements that provide for a fixed rental rate while operating, which we refer to as a dayrate. To date, most of our contracts in the U.S. Gulf of Mexico have been on a short-term basis of less than one year. Our contracts in international markets have been longer-term.

Our Strengths

We believe our operations benefit from a number of competitive strengths, including the following:

Favorable Niche Position in the U.S. Gulf of Mexico Shallow-Water Jackup Rig Market. We believe that our fleet of jackup rigs fills an important niche in the shallow-water drilling market of the U.S. Gulf of Mexico. Three of our rigs have design features making them capable of working in special drilling situations encountered in the U.S. Gulf of Mexico.

Leading Provider of Liftboat Services in the U.S. Gulf of Mexico. We operate the largest fleet of liftboats in the U.S. Gulf of Mexico with leg lengths greater than 100 feet. Our liftboat fleet comprises a broad range of liftboat sizes and capabilities and is deployed across the major producing areas of the U.S. Gulf of Mexico continental shelf.

Operation of Jackup Rigs and Liftboats Provides Balance to Our Business. Utilization and dayrates for jackup rigs, which are used primarily for exploration and development drilling, tend to be more closely correlated with oil and natural gas price expectations and drilling activity levels than utilization and dayrates for liftboats, which are typically used throughout the life of an oil and natural gas field. We believe that our liftboats help us balance our exposure to commodity prices and drilling activity levels that we experience with our jackup rigs.

Strong Relationships with a Diversified Customer Base. Our customer base provides exposure to the spending patterns of major integrated energy companies, which are more stable, and of smaller independent exploration and production companies, which are more commodity-driven and subject to wider fluctuations. We benefit from our management's long-standing relationships with many of our customers, and in some instances, we have developed preferred service provider relationships with our clients.

Experienced and Incentivized Management Team. Our senior and operating level management team has extensive industry experience in the U.S. Gulf of Mexico and internationally, with an average of approximately 25 years of experience in the oil service industry. We believe that their considerable knowledge of and experience in our industry enhances our ability to operate effectively throughout industry cycles. Our management also has substantial experience in identifying and completing asset acquisitions. Our incentive compensation plans are designed to align our management's interests with our operating, financial and safety performance.

Our Strategies

Our goal is to be a leading provider of drilling and liftboat services, primarily in shallow-water markets, to the oil and natural gas exploration and production industry. We intend to employ the following strategies to achieve our goal:

Focus on Drilling and Liftboat Services. As one of the largest operators of shallow-water jackup rigs in the U.S. Gulf of Mexico and liftboats in the U.S. Gulf of Mexico and West Africa, we believe we are well-positioned to benefit from any increased levels of drilling and production maintenance activity in these regions. We also intend to continue pursuing expansion opportunities in the shallow-water U.S. Gulf of Mexico and international markets, including West Africa, the Middle East and the Asia-Pacific region.

Maintain Our Status as an Efficient, Low-Cost Service Provider. We strive to maintain an organizational structure and asset base that allow us to be an efficient, low-cost service provider in the industry. Because of the smaller rig and crew sizes required to operate our jackup fleet as compared to higher specification assets, we believe our rigs have an operating and capital cost advantage. In addition, our liftboat operations are organized to allow for the integration of future liftboat acquisitions without significant incremental overhead.

Pursue Strategic Growth Opportunities. We believe that opportunities remain to acquire shallow-water rigs from service providers that are more focused on higher specification assets needed to service customers operating in the deepwater market segment or drilling complex ultra-deep wells. We also believe that opportunities exist to acquire liftboats from smaller-scale operators as those operators may opt for consolidation given the economic and operational advantages associated with operating a larger

fleet. From time to time, we review, and may have outstanding bids or be in discussions with potential sellers regarding, possible acquisitions of assets or other similar transactions. Any such acquisitions may require significant capital commitments.

Remain Financially Disciplined and Conservative. We use return on capital employed in evaluating new investments and intend to pursue only those investments that we believe will produce strong returns on capital employed throughout an entire industry cycle. Furthermore, we intend to maintain a conservative capital structure and sufficient liquidity to operate throughout the industry cycle.

Risks Related to Our Business and Our Strategies

Prospective investors should carefully consider the matters described under Risk Factors, including that our business depends on the level of activity in the oil and natural gas industry; our business is concentrated in the shallow-water U.S. Gulf of Mexico, where market conditions are highly cyclical and subject to rapid change; our industry is highly competitive, with intense price competition; our expanding international operations subject us to additional political, economic, and other uncertainties; our business involves numerous operating hazards, including loss or damage from severe weather; and our acquisition strategy may be unsuccessful. One or more of these matters could negatively impact our business and our ability to implement successfully our business strategies.

Recent Developments

Closing of West African Liftboat Purchase

On November 7, 2006, we completed our previously announced transaction with Halliburton West Africa Limited and Halliburton Energy Services Nigeria Limited. In the transaction, we: (1) purchased eight liftboats owned by Halliburton, (2) assumed Halliburton's rights to operate five additional liftboats under an arrangement with the third-party vessel owner, (3) assumed the lease of a 1.25 hectare shore-based facility located in Warri, Nigeria that includes warehouse space, offices and a machine shop and (4) assumed Halliburton's rights and obligations under certain customer contracts and other agreements related to Halliburton's liftboat operations in West Africa. The purchase price for the acquisition was \$50.0 million, subject to adjustment, plus up to an aggregate of \$10.0 million payable under a three-year earnout agreement. We operate the five liftboats owned by the third party under a management agreement that applies while the liftboats are under contract with Chevron Nigeria Limited. The liftboats are currently operating in the coastal waters of Nigeria and Cameroon and have leg lengths ranging from 105 to 215 feet.

Principal Executive Offices

Our principal executive offices are located at 11 Greenway Plaza, Suite 2950, Houston, Texas 77046, and our telephone number is (713) 979-9300. Our corporate website address is www.herculesoffshore.com. The information contained in or accessible from our corporate website is not part of this prospectus.

The Offering

Common stock offered by the selling stockholders	7,500,000 shares
Common stock to be outstanding after the offering	31,993,866 shares
Common stock held by the selling stockholders after the offering	2,392,691 shares (1,267,691 shares if the underwriters exercise the over-allotment option in full).
Use of proceeds	We will not receive any proceeds from the sale of shares of our common stock by the selling stockholders. See Use of Proceeds.
Over-allotment option	The selling stockholders have granted the underwriters a 30-day option to purchase a maximum of 1,125,000 additional shares of our common stock at the price to public set forth on the cover page of this prospectus to cover over-allotments, if any.
Risk factors	You should consider carefully all of the information set forth in this prospectus and, in particular, the specific factors set forth under Risk Factors below, before deciding whether to invest in our common stock.
Dividend policy	We do not intend to declare or pay regular dividends on our common stock in the foreseeable future.

NASDAQ Global Select Market symbol for our common stock

HERO

The number of shares of our common stock to be outstanding after this offering is based on the number of shares outstanding on November 1, 2006 and excludes 1,507,734 shares of common stock reserved for issuance under our 2004 long-term incentive plan, of which options to purchase 1,839,500 shares at a weighted average exercise price of \$11.38 per share had been issued as of November 1, 2006.

Summary Consolidated Financial Data

We have derived the following consolidated financial information as of and for the period from inception to December 31, 2004 and as of and for the year ended December 31, 2005 from our audited consolidated financial statements incorporated by reference in this prospectus. We have derived the following consolidated financial information as of September 30, 2006 and for the nine-month periods ended September 30, 2006 and 2005 from our unaudited consolidated financial statements incorporated by reference in this prospectus. The financial information as of and for the nine-month period ended September 30, 2006 includes, in management's opinion, all adjustments necessary for the fair presentation of our financial position as of such date and our results of operations for such period.

We were formed in July 2004 and commenced operations in August 2004. From our formation to December 31, 2005, we completed several significant asset acquisitions that impact the comparability of our historical financial results. Our financial results reflect the impact of the assets only after the date of their acquisition. This prospectus and the documents incorporated by reference herein do not include any financial information relating to the assets for periods prior to their acquisition date.

In addition, in connection with our initial public offering, we converted from a Delaware limited liability company to a Delaware corporation on November 1, 2005. Prior to the conversion, our owners elected to be taxed at the member unitholder level rather than at the company level. As a result, we did not recognize any tax provision on our income prior to the conversion. Upon completion of the conversion, we recorded a tax provision of \$12.1 million related to the recognition of deferred taxes equal to the tax effect of the difference between the book and tax basis of our assets and liabilities as of the effective date of the conversion.

The following summary financial data are qualified by reference to, and should be read in conjunction with, our consolidated financial statements and accompanying notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our annual report on Form 10-K for the year ended December 31, 2005 and our quarterly report on Form 10-Q for the quarter ended September 30, 2006, each as incorporated by reference into this prospectus. See "Where You Can Find More Information" in this prospectus.

	Nine Months Ended		Year Ended December 31, 2005	Period from Inception to December 31, 2004
	September 30, 2006	2005		
INCOME STATEMENT DATA:				
Revenues:				
Drilling services	\$ 123,862	\$ 79,427	\$ 103,422	\$ 24,006
Marine services	105,780	33,888	57,912	7,722
Total revenues	229,642	113,315	161,334	31,728
Costs and Expenses:				
Operating expenses for drilling services, excluding depreciation and amortization	43,256	37,379	48,330	12,799
Operating expenses for marine services, excluding depreciation and amortization	38,137	18,184	29,484	4,198
Depreciation and amortization	22,582	9,075	13,790	2,016
General and administrative, excluding depreciation and amortization	20,396	9,136	13,871	2,808
Total costs and expenses	124,371	73,774	105,475	21,821
Operating Income	105,271	39,541	55,859	9,907
Other Income (Expense):				
Interest expense	(6,824)	(7,572)	(9,880)	(2,070)
Gain on disposal of assets	30,690			
Loss on early retirement of debt		(2,786)	(4,078)	
Other, net	2,697	479	924	228
Income Before Income Taxes	131,834	29,662	42,825	8,065
Income Tax Provision				
Current income tax	(20,658)		(122)	
Deferred income tax	(27,652)		(15,247)	
Net Income	\$ 83,524	\$ 29,662	\$ 27,456	\$ 8,065
Net Income Per Share:				
Basic	\$ 2.67	\$ 1.24	\$ 1.10	\$ 0.55
Diluted	\$ 2.57	\$ 1.22	\$ 1.08	\$ 0.55
Weighted Average Shares Outstanding:				
Basic	31,234,533	23,855,353	24,919,273	14,689,724
Diluted	32,440,950	24,324,935	25,431,822	14,689,724
BALANCE SHEET DATA (as of end of period):				
Cash and cash equivalents	\$ 84,966	\$ 16,756	\$ 47,575	\$ 14,460
Working capital	129,120	38,747	70,083	30,283
Total assets	556,695	266,094	354,825	132,156
Long-term debt, net of current portion	92,200	138,600	93,250	53,000
Total stockholders' equity	356,607	105,400	215,943	71,087
OTHER FINANCIAL DATA:				
Adjusted EBITDA(1)	\$ 130,550	\$ 49,095	\$ 70,573	\$ 12,151
Net cash provided by (used in):				
Operating activities	84,970	37,710	52,763	(6,495)
Investing activities	(96,696)	(117,735)	(172,953)	(96,274)
Financing activities	49,117	82,321	153,305	117,229
Capital expenditures	143,282	115,571	168,038	94,443
Deferred drydocking expenditures	8,967	4,617	7,369	601
OPERATING DATA:				