

TODCO
Form 425
May 16, 2007

May 16, 2007
Calyon
Energy Conference
Filed by Hercules Offshore, Inc.
Pursuant to Rule 425 under the Securities Act of 1933
and deemed filed pursuant to Rule 14a-12
under the Securities Exchange Act of 1934
Subject Company: TODCO
Commission File No.: 1-31983

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Forward-looking Statements

This presentation will contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements, which include any statement that does not relate strictly to historical facts, use terms such as anticipate,

assume,
believe,
estimate,
expect,
forecast,
intend,
plan,
position,
predict,
project,
or strategy

or the negative connotation or other variations of such terms or other similar terminology. In particular, statements, express or implied, regarding future results of operations or ability to generate revenues, income or cash flow or to make acquisitions are forward-looking statements. These forward-looking statements are based on management's current plans, expectations, estimates, assumptions and beliefs concerning future events impacting Hercules Offshore, Inc. (Hercules) and therefore involve a number of risks and uncertainties, many of which are beyond management's control. These risks and uncertainties are further described in Hercules annual report on Form 10-K and its most recent periodic reports and other documents filed with the Securities and Exchange Commission which are available free of charge

at
the
SEC's
website
at
www.sec.gov

or
the
company's
website
at
www.herculesoffshore.com.

The
forward-looking
statements
involve
risks
and
uncertainties
that
affect
Hercules
operations
and
financial
performance.

All
forward-looking
statements
attributable
to
Hercules
representatives
are
expressly
qualified
in
their
entirety

by
this
cautionary
statement.

2
\$9.2
\$10.8
\$13.9
\$24.0
\$29.1
\$33.7
\$42.9
\$47.3
\$46.8
\$24.9

\$26.3

\$28.2

\$24.0

\$27.0

\$42.6

\$54.3

\$67.4

\$63.7

1Q 05

2Q 05

3Q 05

4Q 05

1Q 06

2Q 06

3Q 06

4Q 06

1Q07

Liftboats

Drilling

\$4.2

\$4.6

\$5.8

\$11.7

\$16.8

\$20.7

\$26.7

\$24.5

21.7

\$12.5

\$12.6

\$13.8

\$11.3

\$14.1

\$26.8

\$33.7

\$44.0

40.2

1Q 05

2Q 05

3Q 05

4Q 05

1Q 06

2Q 06

3Q 06

4Q 06

1Q07

Liftboats

Drilling

Hercules Offshore Overview

Note: See Explanatory Information slide. Division Adjusted EBITDA does not include corporate G&A and other income/exp

Quarterly Revenue

Quarterly Adjusted EBITDA

(\$ in millions)

(\$ in millions)

Unique business mix within the oil services industry

Tremendous growth since inception in mid 2004

Experienced management team

Proven track record of strong return on capital and equity

3
37%
37%
36%
28%
27%
24%
23%
19%
13%
0%
5%

10%

15%

20%

25%

30%

35%

40%

45%

THE

DO

HERO

ESV

NE

GSF

RIG

RDC

PDE

Industry Leading Returns On Equity

Note: ROE = (Last Twelve Month Net Income) / (Average Shareholders Equity)

Competitor ratios based on reported financials.

Hercules

continues

to

provide

attractive

returns

in

upper

end

of

peer

group

3/31/07 Last 12 Months Return on Equity

4

Pending TODCO Acquisition Highlights

Consideration to TODCO shareholders

Average per share:

0.979 Hercules shares

\$16.00 in cash

Cash or stock election feature (subject to proration)

Acquisition funded with existing cash on hand and a
senior secured term loan facility

Closing expected mid-2007

Subject to:

HSR approval

Hercules and TODCO shareholder votes

Post-transaction Board of Directors to include seven

Hercules and three TODCO nominees

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A Gulf of Mexico Leader. . . With Global Reach

A New Leader in Jackup Drilling

A Leader in Liftboats

A Leader in Barge Drilling

6

Creates Shareholder Value in Near and Long-term

Accretive to earnings and cash flow per share

Opportunity to enhance future returns with lower cost of capital

Potential for multiple expansion due to size and growth prospects

1Q '07 pro forma trailing 12 month revenue of \$1.4 billion and EBITDA of \$630 million

Revenue

(1)

(\$mm)

EBITDA

(1)

(\$mm)

(1)
PF HERO represents Hercules plus TODCO financials per SEC filings; no accounting adjustments have been made.
\$399
\$1,369
0
500
1,000
1,500
HERO
PF HERO
\$223
\$630
0
250
500
750
HERO
PF HERO

7

Pro Forma Capital Structure as of 3/31/07

Total Debt/Total Capitalization

Total

Debt

as

a

Multiple

of

LTM

EBITDA

(1)

(1) For comparison purposes, EBITDA = Revenue

Operating Expenses

SG&A

Competitor ratios based on 1Q07 reported earnings.

1.7x

1.6x

1.4x

0.9x

0.6x

0.5x

0.4x

1.6x

0.0x

0.4x

0.8x

1.2x

1.6x

2.0x

RIG

PF

HERO

PDE

SPN

RDC

NE

GSF

DO

Acquisition-related debt allows Hercules to optimize its capital structure

Enhanced credit quality due to increased scale and scope

Term loan provides flexibility for rapid de-leveraging with significant
expected free cash flow

Successful track record of de-leveraging following acquisitions

48%

34%

34%

33%

21%

19%

18%

12%

0%

20%

40%

60%

SPN

PF

HERO

RIG

PDE

RDC

NE

DO

GSF

8

Summary of Strategic Rationale

Enhances position in Gulf of Mexico and increases operational flexibility

Provides asset and geographic diversity

Expands international footprint for future growth

Creates larger, more diverse jackup fleet

Timely combination in a fragmented jackup market

Combines leaders in barge drilling and liftboats

Potential to realize meaningful synergies

Economies of scale

Procurement of materials, insurance, employee benefits

Operational synergies and redundant public company

expenses

9

Provides Asset Diversity

1Q 2007 Revenue Segmentation Analysis

Pre-Transaction

\$110 MM

Post-Transaction

\$352 MM

GOM Contract

Drilling

38%

Domestic

Liftboats

30%

International

Contract Drilling

19%

International

Liftboats

13%

Domestic

Liftboats

9%

Inland Barge

Drilling

18%

International

Contract

Drilling

20%

International

Liftboats

4%

GOM Contract

Drilling

43%

Delta Towing

6%

10

1Q 2007 Geographic Revenue Analysis

Provides Geographic Diversity

Pre-Transaction

\$110 MM

Post-Transaction

\$352 MM

We expect international contribution to represent a greater portion of our revenues in the future

Middle East

6%

US GOM

68%

India
13%
West Africa
13%
US GOM, 58%
Inland US, 18%
Latin America,
13%
West Africa, 5%
India, 4%
Middle East, 2%

11	A Global Footprint with Significant Expansion Potential
	Mexico
	Jackup Rigs
2	
	Platform Rig
1	
	West Africa
	Jackup Rig
1	
	Liftboats
17	

Middle East

Jackup Rig 1

Malaysia

(1)

Jackup Rig 1

U.S. Gulf Coast

Inland Barges

27

Land Rigs (TX)

2

Trinidad

Jackup Rig

1

Land Rig

1

(1)

Pro forma for TODCO's

announced THE 208 relocation.

(2)

Includes Hercules *Rig 26*, marketing internationally.

Brazil

Jackup Rig 1

Venezuela

Land Rigs 6

U.S. Gulf of Mexico

Jackup Rigs

25

Submersible 3

Liftboats

47

India

Jackup Rig 1

Global Summary

Liftboats

64

Jackup Rigs

33

Inland Barges

27

Land Rigs

9

Submersible

3

Platform Rigs

1

(2)

12
24
18
14
11
9
9
8
6
3
3
0
5

10
15
20
25
PF
HERO
THE
ESV
PDE
DO
NBR
RDC
HERO
Blake
GSF
Fourth Largest Global Jackup Fleet
Current Global Jackup Landscape
Current Gulf of Mexico Jackup Landscape
(1)
Source: ODS-Petrodata
(1)
Excludes
rigs
that
have
announced
mobilization
out
of
the
GOM,
including
Hercules
Rig
26
and
Pride
Mississippi
44
43
40
33
27
25
24
20
16
13
11
10

9
0
5
10
15
20
25
30
35
40
45
ESV
GSF
NE
PF
HERO
PDE
RIG
THE
RDC
NBR
DO
COSL
Nat'l
Drilling
HERO

13

A

Leading Player in US Gulf Coast Inland Barge Rigs

Note: GOM drilling barges only, excludes workover rigs

Source:

Company estimates based on public information.

27

14

4

3

2

2

0

5
10
15
20
25
30
PF HERO
PKD
Axxis
NBR
Tetra
Coastal

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A Leading Provider of Liftboat Services

Current Gulf of Mexico Liftboat Landscape

Current West Africa Liftboat Landscape

Source:

Company estimates based on public information.

(1)

Denotes cold-stacked or abandoned vessels.

47

27

15

6

6

4
3
3
2
1
0
10
20
30
40
50
HERO
SPN
Aries
Montco
OL
Laredo
AMC
OMC
Seahorse
CS Liftboats
17
3
2
1
1
0
5
10
15
20
HERO
Zumax
(1)
Zukus
(1)
NV De Brandt
Shoreline

15
August
2005
Acquired
the *Whale*
Shark
liftboat from
CS Liftboats
June
2005
Acquired *Rig 16*
from Transocean
and 17 liftboats
from Superior
Energy
October

2004

Acquired 22
liftboats from
Global Industries
August

2004

Acquired five
jackup rigs from
Parker Drilling
Successful integration of 12 asset acquisitions since formation

Integrated several large fleets, operations and employees

Opportunistic acquisition strategy
Focus on return on capital employed
Successful Acquisition Track Record

February

2006

Acquired *Rig 26*
from Aries
Offshore
Partners Ltd.

November

2005

Acquired seven
liftboats from
Danos & Curole
September

2005

Acquired *Rig 31*
from Hydrocarbon
Capital II LLC
June

2006

Acquired six
liftboats from
Laborde Marine
Lifts

November

2006

Acquired eight
liftboats and
assumed rights to
operate five
additional liftboats
from Halliburton

January

2005

Acquired *Rig 25*
from Parker Drilling
and *Rig 30*

from
Porterhouse
Offshore, L.P.
March
2007
Entered into a
definitive merger
agreement to
acquire TODCO

16
TODCO Transaction Consistent With Hercules
Strategy
Grow the Company

Merger expedites growth initiative

Utilize critical mass and financial strength to enhance future growth
Quickly integrate and deploy newly acquired assets

Identify and implement operational best practices

Past successes of effectively integrating acquisitions
Maintain Financial Discipline

Pro forma debt level of 1.6x LTM EBITDA is within industry range

Use significant expected free cash to de-lever
Diversify asset base and geographic footprint

Leverage combined operational and management depth to continue and
accelerate international expansion

Business Outlook

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Current GOM Jackup Backlog

US Gulf of Mexico Shows Signs of Stabilizing

Current GOM demand for 64 jackups against marketed supply of 73 jackups,
leaving 9 rigs hot-stacked

GOM dayrates

have been steady for past few months

GOM Jackup Supply and Demand

Source: ODS-Petrodata, Jefferies & Company, company estimates

Backlog

Dayrate

Jackup
Avail.
Supply
0
20
40
60
80
100
120
140
160
\$0
\$20
\$40
\$60
\$80
\$100
\$120
Contracted
Stacked Ready
Dayrate
Contracted
Dayrate
53% reduction
in supply
0
50
100
150
200
250
300
\$-
\$25
\$50
\$75
\$100
\$125

19

International Jackup Demand Remains Strong

International Jackup Supply and Demand

International jackup utilization is still effectively at 100% and backlog is near record highs

Source: ODS-Petrodata,

Jefferies

&

Company.

West

Africa

dayrates

are

used

to
approximate
average
market
rates
for
worldwide
jackup
rigs.
Current Worldwide Jackup Backlog
Backlog
Dayrate
Jackup
Avail.
Supply
0
20
40
60
80
100
120
140
160
180
\$0
\$20
\$40
\$60
\$80
\$100
\$120
\$140
\$160
\$180
\$200
Contracted
Stacked Ready
Dayrate
Contracted
Dayrat
0
50
100
150
200
250
300
350
400

450
500
\$-
\$25
\$50
\$75
\$100
\$125
\$150
\$175
\$200
Backlog
Dayrate

20
Latest Contracted Dayrates
Marketed
Rigs
Working
Rigs
Avg
High
Conventional
<2000hp
1
1

32,000

\$

32,000

\$

Conventional

2000hp

2

2

35,000

35,000

Conventional

3000hp

3

2

38,500

42,000

Posted

2000hp

3

1

68,000

68,000

Posted

3000hp

8

8

47,500

58,000

17

14

44,786

\$

51,286

\$

Inland Barge Update

Largest operator in US Gulf Coast

74 total barges of which 22 are workover only

Of 52 drilling barges, TODCO owns 27, Parker owns 14 (79% of supply)

TODCO holds excess supply with 17 operating and 10 cold stacked

Average Backlog 122 days

(1)

TODCO fleet as of April 30, 2007 and Hercules estimates

(1)

21

Hercules

Liftboat Fleet

Starfish

Class 140

Liftboat

Swordfish

Class 200

Liftboat

(1)

Within the liftboat industry, the terms leg-length and liftboat class are used interchangeably.

Note:

Utilization is defined as the total number of operating days in the period as a percentage of the total number of calendar days in

liftboats were actively marketed. Dayrates include reimbursements from customers under relevant contracts.

69%

Leg -

Length /

Liftboat

Class

(1)

Number of

Mar-06

Mar-07

Y-o-Y

Q1 2007

(Feet)

Vessels

Dayrate

Dayrate

% Change

Utilization

Gulf of Mexico

260'

1

\$29,638

\$33,514

13%

91%

230'

3

\$23,579

28,269

20%

37%

190-215'

6

18,736

22,179

18%

83%

170'

2

NA

19,627

NA

18%

140-150'

6

8,583

10,293

20%

82%

120-130'

14
7,321
8,702
19%
62%
105'
15
5,669
7,136
26%
63%
Domestic Total
47
\$10,040
\$12,748
27%
65%
West Africa
All Vessels
17
\$9,934
\$11,485
16%
79%

22
Investment Highlights
Successful
History of
Growth
Leading Market
Positions
Diversification
by Assets,
Geography, and
Customers
Experienced
Management

Team
Favorable
Industry
Fundamentals
Industry Leading
Returns

23
Explanatory Information
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
included
in
this
presentation
because
our
management
considers
it
an
important
supplemental
measure
of
our
performance
and
believes
that
it
is
frequently
used
by
securities
analysts,
investors
and
other
interested
parties
in
the
evaluation
of
companies

in
our
industry,
some
of
which
present
EBITDA
and
Adjusted
EBITDA
when
reporting
their
results.
We
regularly
evaluate
our
performance
as
compared
to
other
companies
in
our
industry
that
have
different
financing
and
capital
structures
and/or
tax
rates
by
using
Adjusted
EBITDA.
In
addition,
we
utilize
Adjusted
EBITDA
in
evaluating

acquisition
targets.
Management
also
believes
that
Adjusted
EBITDA
is
a
useful
tool
for
measuring
our
ability
to
meet
our
future
debt
service,
capital
expenditures
and
working
capital
requirements,
and
Adjusted
EBITDA
is
commonly
used
by
us
and
our
investors
to
measure
our
ability
to
service
indebtedness.
Adjusted
EBITDA
is
not

a
substitute
for
the
GAAP
measures
of
earnings
or
of
cash
flow
and
is
not
necessarily
a
measure
of
our
ability
to
fund
our
cash
needs.
In
addition,
it
should
be
noted
that
companies
calculate
EBITDA
and
Adjusted
EBITDA
differently
and,
therefore,
Adjusted
EBITDA
as
presented
for
us
may
not

be comparable to EBITDA and Adjusted EBITDA reported by other companies. Adjusted EBITDA has material limitations as a performance measure because it excludes interest expense, taxes, depreciation and amortization, gain on disposal of assets and loss on early retirement of debt. The following tables reconcile Adjusted EBITDA with net income.

Note: Reconciliations for Drilling and Liftboats do not include corporate adjustments.

EBITDA Reconciliation

(\$ in millions)

Drilling

Liftboats

1Q 05

2Q 05

Q3 05

4Q 05

1Q 06

2Q 06

3Q 06

4Q 06

1Q 07

1Q 05

2Q 05

Q3 05

4Q 05

1Q 06

2Q 06

3Q 06

4Q 06

1Q 07

Net Income

\$9.5

\$7.6

\$10.5

\$0.5

\$25.6

\$15.6

\$19.1

\$27.2

\$25.7

\$2.5

\$1.5

\$2.5

(\$1.6)

\$7.5

\$9.3

\$12.6

\$12.7

\$7.8

Plus: Interest Expense

1.8

1.8

1.9

1.5

1.3

1.4

1.7

2.3
1.4
0.5
0.6
0.9
0.8
0.7
0.8
0.9
1.4
0.8
Plus: Income Tax Expense

6.9
15.1
7.5
10.5
10.0
9.3

8.9
4.4
5.5
7.6
4.7
5.3
Plus: Depreciation and Amortization
1.3
1.3
1.4
1.5
1.7
2.3
3.5
4.0
3.9
1.2
1.5
2.3
3.2
4.3
5.2
5.6
5.7
7.8
Plus: Loss on Early Retirement of Debt

1.8

0.8

0.9

0.5

Less: Gain on Disposal of Assets

29.6

1.1

Adjusted EBITDA

\$12.5

\$12.6

\$13.8

\$11.3

\$14.1

\$26.8

\$33.7

\$43.5

\$40.2

\$4.2

\$4.6

\$5.8

\$11.7
\$16.8
\$20.7
\$26.7
\$24.5
\$21.7

24
Explanatory Information (cont.)
We
have
calculated
pro
forma
EBITDA
combining
Hercules
Offshore
and
TODCO.
EBITDA
is
calculated
as

total
revenues
less
direct
operating
expenses
less
general
&
administrative
expenses
not
including
depreciation
and
amortization.

The
pro
forma
represents
Hercules
plus
TODCO
financials
per
SEC
filings.

No
accounting
adjustments
have
been
made.

The
following
table
calculates

pro
forma
EBITDA.

Pro forma HERO EBITDA Calculation
(\$ in millions)

1Q 06
2Q 06
3Q 06
4Q 06
1Q 07

LTM
Hercules Revenue
\$56

\$76
\$97
\$115
\$110
\$399
TODCO Revenue
\$184
\$226
\$242
\$260
\$242
\$970
Pro forma Revenue
\$240
\$302
\$340
\$375
\$352
\$1,369
Hercules Operating Expense
\$22
\$26
\$33
\$43
\$42
\$144
TODCO Operating Expense
\$107
\$141
\$129
\$133
\$115
\$518
Less: Pro forma Operating Expenses
\$129
\$167
\$162
\$176
\$156
\$661
Hercules General & Administrative
\$7
\$7
\$7
\$9
\$9
\$32
TODCO General & Administrative
\$10
\$11

\$11
\$10
\$13
\$45
Less: Pro forma G&A Expenses
\$16
\$17
\$18
\$20
\$22
\$77
Hercules EBITDA
\$28
\$43
\$57
\$63
\$60
\$223
TODCO EBITDA
\$67
\$75
\$102
\$117
\$114
\$408
PF HERO EBITDA
\$94
\$118
\$159
\$179
\$174
\$630

25

Explanatory Information (cont.)

Last Twelve Months Return on Equity is calculated as Net Income divided by average Shareholders Equity for the period. The

calculates Last Twelve Months Return on Equity for the period ending March 31, 2007.

(\$ in millions)

2006 Net Income

119

less: 1Q06 Net Income

31

plus: 1Q07 Net Income

33

3/31/07 LTM Net Income

121

3/31/07 Equity

431

3/31/06 Equity

248

Average Shareholders Equity

340

Return on Equity

36%

Hercules Offshore

3/31/07 Last Twelve Months Return On Equity Calculation

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Risk Factors

Risks with respect to the combination of Hercules Offshore and TODCO, as well as other recent and future acquisitions, include the risk that we will not be able to close the transaction, as well as difficulties in the integration of the operations and personnel of the acquired company, diversion of management's attention away from other business concerns, and the assumption of any undisclosed or other liabilities of the acquired company. We expect to incur substantial transaction and merger related costs associated with completing the merger with TODCO, obtaining regulatory approvals, combining the operations of the two companies and achieving desired synergies. Additional unanticipated costs may be incurred in the integration of the businesses of Hercules Offshore and TODCO. Expected benefits of the merger may not be achieved in the near term, or at all. Hercules Offshore will have a significant amount of additional debt as a result of the merger. This debt will require us to use cash flow to repay indebtedness, may have a material adverse effect on our financial health, and may limit our future operations and ability to borrow additional funds. For additional information regarding the risks associated with the TODCO acquisition, please read the risk factors section in the joint proxy statement/prospectus included in Hercules registration statement in Form S-4 (No. 333-142314).

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Important Information to be Filed

In connection with the TODCO acquisition, Hercules Offshore has filed with the SEC a registration statement on Form S-4 that contains a joint proxy statement/prospectus. Investors and security holders of Hercules Offshore and TODCO are urged to read the registration statement and definitive joint proxy statement/prospectus (if and when it becomes available) and any other relevant documents filed with the SEC, as well as any amendments or supplements to those documents, because they contain and will contain important information about Hercules Offshore, TODCO and

the merger. A definitive joint proxy

statement/prospectus will be sent to security holders of Hercules Offshore seeking their approval of the issuance of shares of common stock in the acquisition. Investors

and security holders may obtain these

documents free of charge at the SEC's website at www.sec.gov.

In addition, the documents filed with the SEC by Hercules Offshore may be obtained free of charge from our website at www.herculesoffshore.com

or by calling our investor relations department at (713) 979-9300.

The documents filed with the SEC by TODCO may be obtained free of charge from TODCO's website at

www.theoffshoredrillingcompany.com

or by calling TODCO's

investor relations department at (713) 278-

6000. Investors and security holders are urged to read the joint

proxy statement/prospectus and the other

relevant materials when they become available before making any voting or investment decision with respect to the proposed merger.

Hercules Offshore, TODCO and their respective directors, and executive officers may be considered participants in the solicitation of proxies in connection with the proposed transaction. Information about the participants in the solicitation is set for in the registration statement on Form S-4 and will be set forth in the joint proxy statement/prospectus when it becomes available.

