

TODCO
Form 425
May 24, 2007

May 24, 2007
UBS Global Oil and Gas 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

1

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 include statements concerning estimated contract expiration dates, dayrates, estimated dates for completion of repairs and upgrades and commencement dates of new contracts. Such statements are subject to a number of risks, uncertainties and assumptions, including without limitation, early termination by the customer pursuant to the contract or otherwise, cancellation or completion of certain contracts earlier than expected, operational difficulties, increased or prolonged unrest in Nigeria, shipyard and other delays and other factors described in the Company's 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 Company cautions you that forward-looking statements are not guarantees of future performance and that actual results or developments may differ materially from those projected or implied in these statements.

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: $ROE = (\text{Last Twelve Month Net Income}) / (\text{Average Shareholders Equity})$

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

5

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.
\$223
\$630
0
250
500
750
HERO
PF HERO
\$399
\$1,369
0
500
1,000
1,500
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
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'HERO
Drilling
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

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

14

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

18

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

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
GOM Jackup Supply and Demand
Source: ODS-Petrodata, Jefferies & Company, company estimates
Backlog
Dayrate
53% reduction
in supply
Current GOM Jackup Backlog
0
50
100
150
200
250
300
\$-
\$25
\$50
\$75
\$100
\$125

19
0
100
200
300
400
500
600
\$-
\$25
\$50
\$75
\$100
\$125
\$150

\$175

\$200

International Jackup Demand Remains Strong

International Jackup Supply and Demand

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

Dayrate

Current International Jackup Backlog

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

Source: ODS-Petrodata, Jefferies & Company. West Africa 300 IC dayrate used to approximate average market rates for work

20

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 59 days

(1)

TODCO fleet as of April 30, 2007 and Hercules estimates

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
\$
(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:

Edgar Filing: TODCO - Form 425

Utilization is defined as the total number of operating days in the period as a percentage of the total number of calendar days in which liftboats were actively marketed. Dayrates include reimbursements from customers under relevant contracts.

70%
Leg -
Length /
Liftboat
Class
(1)
Number of
Apr-06
Apr-07
Y-o-Y
YTD 2007
(Feet)
Vessels
Dayrate
Dayrate
% Change
Utilization
Gulf of Mexico
260'
1
\$29,512
\$32,728
11%
93%
230'
3
\$24,896
28,199
13%
44%
190-215'
6
18,913
22,110
17%
79%
170'
2
NA
20,061
NA
38%
140-150'
6
9,780
9,997
2%
79%

120-130'

14

7,323

8,643

18%

64%

105'

15

5,665

7,175

27%

66%

Domestic Total

47

\$10,617

\$12,582

19%

67%

West Africa

All Vessels

17

\$9,644

\$11,065

15%

78%

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

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

26
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).

27

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 forth in the registration statement on Form S-4 and will be set forth in the joint proxy statement/prospectus when it becomes available.

