

TODCO
Form 425
May 10, 2007

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UBS Leveraged Finance Conference
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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

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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

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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

3
Pending TODCO Acquisition Highlights
On
March
19
th
,
Hercules
entered
into
a
definitive

agreement to acquire TODCO for \$2.3 billion with
average per share consideration of:

0.979 Hercules shares (\$1.3 billion in equity)

\$16.00 in cash (\$930 million in cash)

Cash portion to be 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 approval

Other customary closing conditions

Post-transaction Board of Directors to include
seven Hercules and three TODCO nominees

4

A Gulf of Mexico Leader. . . With Global Reach

A New Leader in Jackup Drilling

A Leader in Barge Drilling

A Leader in Liftboats

5

Creates Value for Stakeholders in Near and Long-term

Accretive to earnings and cash flow per share

Opportunity to enhance future returns with lower cost of capital

Diversifies Hercules

asset and customer base

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

0.0

250.0

500.0

750.0

HERO

PF HERO

\$399

\$1,369

0.0

500.0

1,000.0

1,500.0

HERO

PF HERO

6

Acquisition-related debt allows Hercules to optimize its capital structure

Enhanced credit quality due to increased scale and scope

Free cash flow expected to significantly exceed debt coverage needs

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

48%

34%

34%

33%

21%

19%

18%

12%

0.0%

20.0%

40.0%
60.0%
SPN
PF
HERO
RIG
PDE
RDC
NE
DO
GSF

7

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

8
Provides Asset Diversity
1Q 2007 Revenue Segmentation Analysis
Pre-Transaction
\$110 MM
Post-Transaction
\$352 MM
GOM Contract
Drilling
39%
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

42%

Delta Towing

6%

9

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%

10

A Global Footprint with Significant Expansion Potential

(1)

Pro forma for TODCO's

announced THE 208 relocation.

(2)

Includes Hercules *Rig 26*, marketing internationally.

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
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)

11
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'lHERO
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

12

A

Leading Player in US Gulf Coast Inland Barge Rigs

Source:

Company estimates based on public information.

27

13

4

2

2

1

0

5

10

15

20
25
30
PF
HERO
PKD
Axxis
Tetra
Coastal
NBR

13

A Leading Provider of Liftboat Services

Source:

Company estimates based on public information.

(1)

Denotes cold-stacked or abandoned vessels.

Current Gulf of Mexico Liftboat Landscape

Current West Africa Liftboat Landscape

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

14
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

15

Transaction is 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
Diversify asset base and geographic footprint

Leverage combined operational and management depth to continue and

accelerate international expansion

Business Outlook

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Strong Outlook for Oil Prices . . .

OPEC Surplus Capacity & Utilization

OPEC surplus capacity is minimal

Sustained upward pressure on prices

Encourages investment in projects previously considered uneconomic

Source: US DOE, EIA

Global Oil Production versus

Drilling & Completion Spending

Source: EIA, Spears & Associates

Production 10yr CAGR 1% Spending

10yr CAGR 15%

0

3

6

9

12

0%

3%

6%

9%

12%

15%

Excess

capacity

Capacity

Utilization

30

40

50

60

70

80

90

1997

1998

1999

2000

2001

2002

2003

2004

2005

2006

40

80

120

160

200

240

Production

Spending

18

. . . and for US Natural Gas

Decline Rates Are Rising

Production Rates Are Falling

An ever increasing number of wells are needed to maintain production

As a result of long term deliverability issues, gas storage is becoming a less important determinant of price

0.35

0.55

0.75

0.95

1.15

1.35

1.55

1997

1998

1999

2000

2001

2002

2003

2004

2005

2006E

2007E

Initial First Year Production per New Well

Source: EOG Resources, Raymond James

First Year US Gas Well Decline Rates

35.0%

40.0%

45.0%

50.0%

55.0%

1996

1997

1998

1999

2000

2001

2002

2003

2004

2005

2006E

19

Jackup Market has been Bifurcated Since Mid-2006

Jackup

Avail.

Supply

0

20

40

60

80

100

120

140

160

\$0

\$20

\$40

\$60

\$80

\$100

\$120

Contracted

Stacked Ready

Dayrate

Contracted

GOM Jackup Market in a Trough

International Jackup Markets at Peak,
but Demand Remains Strong

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

Dayrate

Current GOM demand for 62 jackups against marketed supply of 72 jackups,
leaving 10 rigs hot-stacked

International jackup utilization is still effectively at 100%

Source: ODS-Petrodata, Jefferies & Company

20
0
50
100
150
200
250
300
350
400

450
500
\$-
\$25
\$50
\$75
\$100
\$125
\$150
\$175
\$200
0
50
100
150
200
250
300
\$-
\$25
\$50
\$75
\$100
\$125

Source:

ODS-Petrodata. West Africa dayrates are used to approximate average market rates for worldwide jackup rigs.

Solid Backlog of Work Globally

Business visibility has increased substantially over the past six years, but has weakened considerably in the US Gulf of Mexico over the last several months

Current Worldwide Jackup Backlog

Current GOM Jackup Backlog

Jan 1999

187 Days

Apr 2007

434 Days

West Africa 300

IC

200

MC Jackups in

GOM

Jan 2004

32 Days

Apr 2007

118 Days

Backlog

Dayrate

21
156
???
???
???
74
(4)
6
72
87
(15)
0
30
60
90

120
150
180
156
87
(15)
72
6
(4)
74
???
???
???

GOM Supply Continues Downward Trend

June 2001

Jackup

Supply

Less: Cold

Stacked/

Shipyard

(2)

Marketed

Supply

Less:

Jackups

Leaving

GOM

Plus:

Jackups in

Yard

(non-

contracted)

Visible

Marketed

Supply

Less: Future

Jackup

Deployments

Plus:

Newbuilds

Plus:

Reactivation

of Cold

Stacked (9)

Current

Jackup

Supply

(1)

(1) Excludes 1 GSF rig severely damaged in Hurricane Katrina

(2) Includes only rigs that are not contracted.

Source: ODS-Petrodata as of 5/4/07, and company disclosure.

Rigs Departing the GOM

Rig Name

Destination

Rig Name

Destination

Hercules 26

TBD

Ben Avon (Songa

Tellus)

West Africa

Mexico

Pride Mississippi

Rigs in Shipyard

Rig Name

Blake 202

Pride Wyoming

Hercules 26

Ensco 83

GSF Adriatic VII

Ben Rinnes

(Songa

Neptune)

West Africa

Ocean King

22

Inland Barge Update

Largest operator in US Gulf Coast

72 total barges of which 23 are workover only

Of 49 drilling barges, TODCO owns 27, Parker owns 14 (84% 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

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)

23

Liftboat Update

Return to more typical seasonality in GOM

During 2006 demand was extremely robust given the hurricane repair work and operators were willing to pay for liftboats while waiting out the weather

Following a seasonal decline in utilization in the GOM during the winter months, utilization has rebounded significantly

GOM Dayrate outlook stable

Dayrates likely to remain flat during 2007

West Africa remains strong

Increased spot market prices by 30% during December

May mobilize additional vessels into West Africa

24

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

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

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%

25
Credit Highlights
Successful
History of
Growth
Leading Market
Position
Diversification
by Assets,
Geography, and
Customers
Experienced
Management

Team
Favorable
Industry
Fundamentals
Strong Financial
Profile

26
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

27
Explanatory Information (cont.)
For
comparison
purposes
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.

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

Pro forma HERO EBITDA Calculation

(\$ in millions)

1Q 06

2Q 06

3Q 06

4Q 06

1Q 07	
LTM	
Hercules Revenue	
\$56.1	
\$76.3	
\$97.2	
\$114.7	
\$110.5	
\$398.7	
TODCO Revenue	
\$183.6	
\$226.1	
\$242.3	
\$260.1	
\$241.9	
\$970.4	
Pro forma Revenue	
\$239.7	
\$302.4	
\$339.5	
\$374.8	
\$352.4	
\$1,369.1	
Hercules Operating Expense	
21.9	
26.3	
33.2	
42.7	
41.5	
143.7	
TODCO Operating Expense	
107.3	
140.6	
129.2	
133.1	
114.7	
517.6	
Less: Pro forma Operating Expenses	
129.2	
166.9	
162.4	
175.8	
156.2	
661.3	
Hercules General & Administrative	
6.6	
6.6	
7.2	
9.4	
9.2	

32.4
TODCO General & Administrativ
9.7
10.7
10.8
10.1
13.3
44.9
Less: Pro forma G&A Expenses
16.3
17.3
18.0
19.5
22.5
77.3
Hercules EBITDA
27.6
43.4
56.8
62.5
59.8
222.6
TODCO EBITDA
66.6
74.8
102.3
116.9
113.9
407.9
PF HERO EBITDA
\$94.2
\$118.2
\$159.1
\$179.4
\$173.7
\$630.5

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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 Offshore's

registration statement on
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 they become 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.

