

HERCULES OFFSHORE, INC.

Form 425

March 19, 2007

March 19, 2007

Hercules Offshore Acquisition of TODCO

Filed by Hercules Offshore, Inc.

Pursuant to Rule 425 under the Securities Act of 1933

and deemed filed pursuant to Rule 14a-6

under the Securities Exchange Act of 1934

Subject Company: Hercules Offshore, Inc.

Commission File No.: 0-51582

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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

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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.



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A Winning Combination

A Gulf of Mexico leader. . . with global reach

A Leader in Liftboats

A Leader in Barge Drilling

A New Leader in Jackup Drilling

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Management Representatives

Representatives

Randall Stilley

Chief Executive Officer and President

John Rynd

Senior Vice President

Lisa Rodriguez

Senior Vice President and Chief Financial Officer

David Crowley

Senior Vice President of Operations (TODCO)

Stephen Butz

Vice President and Treasurer

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Transaction Highlights

Consideration to TODCO shareholders

Average per share

0.979 Hercules shares

\$16.00 per share 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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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

Pro forma 2006 revenue and EBITDA of \$1.3 billion and \$551 million,  
respectively

Revenue

(1)

(\$mm)

EBITDA

(1)

(\$mm)

(1)

PF Hero represents Hercules plus TODCO financials per 2006 10K filings, no accounting adjustments have been made.

\$344

\$1,256

0.0

500.0

1,000.0

1,500.0

HERO

PF HERO

\$190

\$551

0.0

250.0

500.0

750.0

HERO

PF HERO

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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

Pro Forma Capital Structure as of 12/31/06

Total Debt/Total Capitalization

Total Debt as a Multiple of LTM EBITDA

2.0x

2.0x

1.8x

1.7x  
1.0x  
0.8x  
0.6x  
0.5x  
0.0x  
0.5x  
1.0x  
1.5x  
2.0x  
2.5x  
PF  
HERO  
RIG  
PDE  
SPN  
RDC  
DO  
NE  
GSF  
50%  
37%  
35%  
33%  
29%  
23%  
18%  
12%  
0.0%  
20.0%  
40.0%  
60.0%  
SPN  
PF  
HERO  
PDE  
RIG  
DO  
RDC  
NE  
GSF

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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  
2006 Revenue Segmentation Analysis  
Pre-Transaction  
\$344 MM  
Post-Transaction  
\$1,256 MM  
GOM Contract  
Drilling  
47%  
International  
Liftboats  
6%  
Domestic  
Liftboats  
39%  
International  
Contract Drilling

9%  
Domestic  
Liftboats  
11%  
International  
Contract Drilling  
17%  
Inland Barge  
Drilling  
19%  
International  
Liftboats  
2%  
GOM Contract  
Drilling  
46%  
Delta Towing  
6%



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2006 Geographic Revenue Analysis

Provides Geographic Diversity

Pre-Transaction

\$344 MM

Post-Transaction

\$1,256 MM

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

US GOM

86%

West Africa

6%

India / Middle East

9%

India

1%

West Africa

2%

Latin America

14%

Inland US

25%

US GOM

56%

Middle East

1%

10	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)

11  
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*

43

42

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

12

9

7

6

4

3

3

0

5  
10  
15  
20  
25  
PF  
HERO  
THE  
ESV  
PDE  
NBR  
RDC  
HERO  
DO  
Blake  
GSF

12  
A Leading Player in US Gulf Coast Inland Barges

Source:

Company estimates based on public information.

27

13

4

2

2

1

0

5



10

15

20

25

30

HERO

PKD

Axxis

Tetra

Coastal

NBR

13

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

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.

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Stated Key Objectives

Past, Present, and Future

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 2.0x LTM EBITDA is within industry range

Use significant 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

17  
0  
50  
100  
150  
200  
250

300  
\$-  
\$25  
\$50  
\$75  
\$100  
\$125  
0  
50  
100  
150  
200  
250  
300  
350  
400  
450  
500  
\$-  
\$25  
\$50  
\$75  
\$100  
\$125  
\$150  
\$175  
\$200

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

Feb 2007

459 Days

West Africa 300

IC

200

MC Jackups in GOM

Jan 2004

32 Days

Feb 2007

134 Days

18  
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

Latest Contracted Dayrates

Rigs

Avg

High

-

Conventional <2000hp

1

\$30,800

\$30,800

Conventional

2000hp

2

32,500

35,300

Conventional 3000hp

3

45,800

60,500

Posted

2000hp

3

56,900

65,300

Posted

3000hp

8

46,400

62,100

17

\$45,600

\$57,400

(1)

TODCO fleet as of February 28, 2007

(1)

Marketed

19

Liftboat Update

Weather causing seasonal decline in utilization in the GOM

Liftboats cannot mobilize in seas greater than 5 ft.

As much as 15% of the fleet was waiting on weather at various times during January and February, but utilization improving in March

Return to more typical seasonality

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

Dayrates likely to remain flat into the first part of 2007

West Africa remains strong

Increased spot market prices by 30% during December

May mobilize additional vessels into West Africa

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Conclusions

Enhances position in Gulf of Mexico and increases operational flexibility

Provides asset and geographic diversity

Expands international footprint for future growth

Timely combination in a fragmented jackup market

Combines leaders in barge drilling and liftboats

Accretive to earnings and cash flow per share

Use significant free cash flow to de-lever



Appendix A  
Introduction to  
Hercules Offshore Inc.

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Hercules Offshore Overview

Unique business mix within the oil services industry

Tremendous growth since inception in late 2004

Experienced management team

Proven track record of maximizing return on capital

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)

\$9.2  
\$10.8  
\$13.9  
\$24.0  
\$29.1  
\$33.7  
\$42.9  
\$47.3  
\$24.9  
\$26.3  
\$28.2  
\$24.0  
\$27.0  
\$42.6  
\$54.3  
\$67.4  
1Q 05  
2Q 05  
3Q 05  
4Q 05  
1Q 06  
2Q 06  
3Q 06  
4Q 06  
Liftboats  
Drilling  
\$4.2  
\$4.6  
\$5.8  
\$11.7  
\$16.8  
\$20.7  
\$26.7  
\$24.5  
\$12.5  
\$12.6  
\$13.8  
\$11.3  
\$14.1  
\$26.8  
\$33.7  
\$44.0  
1Q 05  
2Q 05  
3Q 05  
4Q 05  
1Q 06  
2Q 06  
3Q 06  
4Q 06

Liftboats  
Drilling

23

The Global Leader in Liftboats

64 vessels worldwide

Hercules operates the largest liftboat fleet in the GOM with 47 vessels

Largest liftboat fleet in West Africa with 17 vessels

Acquired Halliburton's Nigerian-based West African liftboat fleet

13 liftboats, 120 employees

Multi-year alliance with Halliburton

Retained personnel

Improved day-rates

Leveraging shore-base for expansion outside Nigeria

Targeting emerging opportunities in Middle East

Utilization

tends

to

be

more

stable

and

dayrates

tend

to

be

more

predictable

than that of jackups, given their use throughout the life of a well

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 the

period our liftboats were actively marketed. Dayrates include reimbursements from customers under relevant contracts.  
67%

Leg -

Length /

YTD

Liftboat

Class

(1)

Number of

Feb-06

Feb-07

Y-o-Y

2007

(Feet)

Vessels

Dayrate

Dayrate

% Change

Utilization

Gulf of Mexico

260'

1

\$28,231

\$34,652

23%

100%

230'



3  
\$21,191  
28,569  
35%  
23%  
190-215'  
6  
15,779  
22,051  
40%  
81%  
170'  
2  
NA  
NA  
NA  
3%  
140-150'  
6  
8,628  
10,539  
22%  
87%  
120-130'  
14  
7,111  
8,435  
19%  
63%  
105'  
15  
5,481  
6,992  
28%  
60%  
Domestic Total  
47  
\$9,334  
\$12,292  
32%  
63%  
West Africa  
All Vessels  
17  
\$10,004  
\$11,733  
17%  
78%

25

Hercules Contract Drilling Segment Overview

Hercules owns a fleet of nine jackup rigs

Six operating in the U.S. GOM

One operating in Qatar

One operating in India

One currently in a shipyard being upgraded to a 250 IC for international operations (available early Q3 07)

Specialized

design

features

of

three

of

Hercules

jackup

rigs contribute to

high utilization of the Company's fleet

26  
Hercules Drilling Fleet Status  
Upgrading to 250 IC  
FY 2006  
FY 2007  
Q1  
Q2

Q3  
 Q4  
 Q1  
 Q2  
 Q3  
 Q4  
 Current  
 Customer  
 Rig 11  
 \$61,914  
 \$64,871  
 \$65,976  
 Bois d Arc  
 Rig 15  
 \$52,692  
 \$78,540  
 \$95,487  
 Energy XXI  
 Rig 20  
 \$73,499  
 \$84,886  
 \$100,781  
 Chevron  
 Rig 21  
 \$79,925  
 \$82,443  
 Chevron  
 Rig 22  
 \$67,826  
 \$83,899  
 \$82,497  
 Helis  
 Rig 30  
 \$69,162  
 \$67,933  
 \$71,443  
 Rig 16  
 Rig 26  
 Cairn  
 Rig 31  
 Average Dayrate  
 \$69,534  
 \$76,129  
 \$81,283  
 Note: 2006 dayrates are based on actual results. Subsequent quarters represent estimates based on current backlog.  
 Contracted  
 Available  
 Shipyard  
 \$66,029  
 \$96,354

\$115,008

\$83,853

\$85,226

\$83,784

Through May 2008 @ \$69-70,000

\$84-86,000

\$79-81,000

\$79-81,000

\$69-70,000

\$85-87,000

\$117,383

\$140,000

\$139K-141K

\$69,860

~~\$64-66,000~~

\$69,461

\$89,386

Energy XXI

Occidental

International

US Gulf of Mexico

\$84-86,000

\$74-76,000

TBD

Appendix B  
Combined Fleet Details

28  
Combined Jackup Fleet  
Under Contract  
West Africa  
ILC 150  
THE 185  
Under Contract  
Trinidad  
MC 100  
THE 110  
Reactivating  
Mobilizing to SE Asia  
MC 200  
THE 208  
Under Contract  
Middle East  
ILC 170  
Rig 16  
Under Contract  
Mexico  
MC 200  
THE 206  
Shipyard  
Mexico  
MC 200  
THE 205  
Under Contract  
India  
MS 250  
Rig 31  
Under Contract  
Brazil  
ILC 150  
THE 156  
Under Contract  
US GOM  
MS 250  
THE 251  
Cold Stacked  
US GOM



MS 250  
THE 256  
Cold Stacked  
US GOM  
MS 250  
THE 255  
Cold Stacked  
US GOM  
MS 250  
THE 254  
Under Contract  
US GOM  
MS 250  
THE 253  
Under Contract  
US GOM  
MS 250  
THE 252  
Under Contract  
US GOM  
MS 250  
THE 250  
Under Contract  
US GOM  
MS 250  
Rig 30  
Under Contract  
US GOM  
MC 200  
THE 207  
Under Contract  
US GOM  
MC 200  
THE 204  
Under Contract  
US GOM  
MC 200  
THE 203  
Under Contract  
US GOM  
MC 200  
THE 202  
Shipyard  
US GOM  
MC 200  
THE 201  
Under Contract  
US GOM  
MC 200  
THE 200

Under Contract  
US GOM  
MC 200  
Rig 11  
Under Contract  
US GOM  
MC 173  
Rig 22  
Idle  
US GOM  
MC 150  
THE 153  
Under Contract  
US GOM  
MC 150  
THE 152  
Under Contract  
US GOM  
MC 120  
Rig 21  
Under Contract  
US GOM  
MC 100  
Rig 20  
Shipyard  
US GOM  
ILC 250  
Rig 26  
Cold Stacked  
US GOM  
ILC 160  
THE 191  
Cold Stacked  
US GOM  
ILC 150  
THE 155  
Under Contract  
US GOM  
ILC 150  
THE 150  
Under Contract  
US GOM  
ILS 85  
Rig 15  
Status as of  
2/28/07  
Region of Operation  
Vessel Class  
Asset Name

29  
Inland Barge Fleet  
Under Contract  
30,000  
Posted  
3,000 HP  
Rig 64  
Cold Stacked  
30,000  
Posted  
3,000 HP  
Rig 61  
Under Contract  
30,000  
Posted  
3,000 HP  
Rig 55  
Under Contract  
30,000  
Posted  
3,000 HP  
Rig 49  
Under Contract  
30,000  
Posted  
3,000 HP  
Rig 48  
Cold Stacked  
30,000  
Posted  
3,000 HP  
Rig 47  
Under Contract  
30,000  
Posted  
3,000 HP  
Rig 46  
Under Contract  
30,000  
Posted

3,000 HP  
Rig 41  
Under Contract  
30,000  
Posted  
3,000 HP  
Rig 27  
Under Contract  
30,000  
Posted  
3,000 HP  
Rig 17  
Under Contract  
25,000  
Posted  
3,000 HP  
Rig 57  
Under Contract  
25,000  
Posted  
2,000 HP  
Rig 52  
Cold Stacked  
25,000  
Posted  
2,000 HP  
Rig 10  
Under Contract  
25,000  
Posted  
2,000 HP  
Rig 09  
Cold Stacked  
25,000  
Posted  
2,000 HP  
Rig 07  
Cold Stacked  
30,000  
Conventional  
2,000 HP  
Rig 32  
Cold Stacked  
30,000  
Conventional  
3,000 HP  
Rig 31  
Cold Stacked  
30,000  
Conventional

3,000 HP  
Rig 30  
Under Contract  
30,000  
Conventional  
3,000 HP  
Rig 29  
Under Contract  
30,000  
Conventional  
3,000 HP  
Rig 28  
Under Contract  
30,000  
Conventional  
3,000 HP  
Rig 11  
Under Contract  
25,000  
Conventional  
3,000 HP  
Rig 15  
Under Contract  
20,000  
Conventional  
2,000 HP  
Rig 01  
Cold Stacked  
14,000  
Conventional  
2,000 HP  
Rig 23  
Cold Stacked  
15,000  
Conventional  
1,000 HP  
Rig 21  
Cold Stacked  
14,000  
Conventional  
1,000 HP  
Rig 20  
Under Contract  
14,000  
Conventional  
1,000 HP  
Rig 19  
Status  
as of 2/28/07  
Drilling Depth

Platform Type  
Vessel Class  
Asset Name

30  
Liftboat Fleet  
West Africa  
400,000  
215  
Blue Shark  
US GOM  
300,000  
140  
Rainbow Runner  
West Africa  
590,000  
170  
Oilfish  
US GOM  
300,000  
140  
Blue Runner  
West Africa  
200,000  
150  
Black Marlin  
US GOM  
150,000  
140  
Starfish  
West Africa  
200,000  
150  
F.J. Leleux  
US GOM  
150,000  
130  
Triggerfish  
West Africa  
200,000  
145  
Rudderfish  
US GOM  
150,000

130  
Albacore  
West Africa  
175,000  
145  
Pilotfish  
US GOM  
150,000  
130  
Stingray  
West Africa  
150,000  
130  
Scamp  
US GOM  
150,000  
130  
Sandshark  
West Africa  
100,000  
120  
Zoal  
Albrecht  
US GOM  
142,000  
130  
Mahi  
Mahi  
West Africa  
100,000  
120  
Tigerfish  
US GOM  
137,500  
130  
Sailfish  
West Africa  
100,000  
120  
Solefish  
US GOM  
130,000  
130  
Moray  
West Africa  
100,000  
120  
James Choat  
US GOM  
110,000



130  
Skipfish  
West Africa  
100,000  
120  
Durwood  
Speed  
US GOM  
100,000  
130  
Pompano  
West Africa  
100,000  
120  
Charlie Cobb  
US GOM  
150,000  
125  
Rockfish  
West Africa  
100,000  
105  
Tapertail  
US GOM  
150,000  
120  
Grouper  
West Africa  
100,000  
105  
Gemfish  
US GOM  
150,000  
120  
Gar  
West Africa  
90,000  
105  
Bonefish  
US GOM  
110,000  
120  
Tilapia  
West Africa  
72,000  
105  
Croaker  
US GOM  
110,000  
120

Sea Robin  
US GOM  
729,000  
260  
Whale Shark  
US GOM  
130,000  
105  
Pike  
US GOM  
1,000,000  
230  
Tigershark  
US GOM  
110,000  
105  
Jackfish  
US GOM  
500,000  
229  
Man-O-War  
US GOM  
110,000  
105  
Tarpon  
US GOM  
500,000  
229  
Kingfish  
US GOM  
110,000  
105  
Marlin  
US GOM  
500,000  
215  
Wahoo  
US GOM  
110,000  
105  
Herring  
US GOM  
500,000  
205  
Amberjack  
US GOM  
110,000  
105  
Dolphin  
US GOM

1,000,000  
200  
Bullshark  
US GOM  
110,000  
105  
Cobia  
US GOM  
798,000  
200  
Cutlassfish  
US GOM  
110,000  
105  
Carp  
US GOM  
798,000  
200  
Creole Fish  
US GOM  
110,000  
105  
Barracuda  
US GOM  
700,000  
190  
Swordfish  
US GOM  
100,000  
105  
Palometa  
US GOM  
654,000  
175  
Mako  
US GOM  
100,000  
105  
Sea Trout  
US GOM  
575,850  
175  
Leatherjack  
US GOM  
100,000  
105  
Seabream  
US GOM  
200,000  
150

Seabass  
US GOM  
100,000  
105  
Wolffish  
US GOM  
200,000  
150  
Manta Ray  
US GOM  
100,000  
105  
Remora  
US GOM  
150,000  
145  
Hammerhead  
US GOM  
100,000  
105  
Corina  
Operating  
Region  
Maximum  
Deck Load  
(pounds)  
Leg Length  
(feet)  
Asset Name  
Operating  
Region  
Maximum Deck  
Load (pounds)  
Leg Length  
(ft.)  
Asset Name

31  
Other Rigs  
Idle  
USA --  
Texas  
8,000  
900 HP  
Land  
Rig #27  
Reactivating  
USA --  
Texas  
6,500  
750 HP  
Land  
Rig #26  
Under Contract  
Venezuela  
35,000  
3,000 HP  
Land  
Cliffs #55  
Under Contract  
Venezuela  
30,000  
3,000 HP  
Land  
Cliffs #54  
Under Contract  
Venezuela  
25,000  
2,000 HP  
Land  
Cliffs #43  
Under Contract  
Venezuela  
25,000  
2,000 HP  
Land  
Cliffs #42

Under Contract  
Venezuela  
25,000  
2,000 HP  
Land  
Cliffs #40  
Warm Stacked  
Venezuela  
18,000  
2,000 HP  
Land  
Cliffs #37  
Under Contract  
Trinidad  
18,000  
2,000 HP  
Land  
Cliffs #36  
Under Contract  
Mexico  
25,000  
--  
Platform  
Platform 3  
Under Contract  
US GOM  
30,000  
--  
Submersible  
THE 78  
Under Contract  
US GOM  
30,000  
--  
Submersible  
THE 77  
Under Contract  
US GOM  
25,000  
--  
Submersible  
THE 75  
Status  
Region of Operation  
Drilling Depth  
Details  
Rig Type  
Asset Name

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Explanatory  
Information

Adjusted EBITDA is calculated as net income before interest expense, taxes, depreciation and amortization, gain on disposal or retirement of debt. Adjusted EBITDA is included in this presentation because our management considers it an important supplemental performance and believes that it is frequently used by securities analysts, investors and other interested parties in the evaluation industry, some of which present EBITDA and Adjusted EBITDA when reporting their results. We regularly evaluate our performance companies in our industry that have different financing and capital structures and/or tax rates by using Adjusted EBITDA. In addition, Adjusted EBITDA is used in evaluating acquisition targets. Management also believes that Adjusted EBITDA is a useful tool for measuring our operating service, capital expenditures and working capital requirements, and Adjusted EBITDA is commonly used by us and our investors.

service indebtedness. Adjusted EBITDA is not a substitute for the GAAP measures of earnings or of cash flow and is not necessary to fund our cash needs. In addition, it should be noted that companies calculate EBITDA and Adjusted EBITDA differently and the amounts presented for us may not be comparable to EBITDA and Adjusted EBITDA reported by other companies. Adjusted EBITDA is a non-GAAP 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 05

2Q 05

Q3 05

4Q 05

1Q 06

2Q 06

3Q 06

4Q 06

Net Income

\$9.5

\$7.6

\$10.5

\$0.5

\$25.6

\$15.6

\$19.1

\$27.2

\$2.5

\$1.5

\$2.5

(\$1.6)

\$7.5

\$9.3



\$12.6

\$12.7

Plus: Interest Expense

1.8

1.8

1.9

1.5

1.3

1.4

1.7

2.3

0.5

0.6

0.9

0.8

0.7

0.8

0.9

1.4

Plus: Income Tax Expense

6.9

15.1

7.5

10.5

10.0

8.9

4.4

5.5

7.6

4.7

Plus: Depreciation and Amortization

1.3

1.3

1.4

1.5

1.7

2.3

3.5

4.0

1.2

1.5

2.3

3.2

4.3

5.2

5.6

5.7

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

\$44.0

\$4.2

\$4.6

\$5.8

\$11.7

\$16.8

\$20.7

\$26.7

\$24.5

Company EBITDA Reconciliation

(\$ in millions)

Company

1Q 05

2Q 05

Q3 05

4Q 05

1Q 06

2Q 06

3Q 06

4Q 06

Net Income

\$11.4

\$8.2

\$10.1

(\$2.2)

\$30.9

\$22.9

\$29.7

\$35.5

Plus: Interest Expense

2.3

2.5

2.7

2.3

2.1

2.2

2.6

2.5

Plus: Income Tax Expense

15.4

18.6

12.3

17.4

16.1

Plus: Loss on Early Retirement of Debt

2.8

1.3

Less: Gain on Disposal of Assets

29.6

1.1

Adjusted EBIT

\$13.7

\$13.5

\$12.8

\$16.8

\$22.0

\$37.4

\$48.6

\$54.1

Plus: Depreciation and Amortization

2.5

2.9

3.8

4.7

5.9

7.6

9.1

9.7

Adjusted EDITDA

\$16.2

\$16.3

\$16.6

\$21.5

\$27.9

\$45.0

\$57.7

\$63.9

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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.

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Important Information to be Filed

In connection with the proposed transaction, Hercules Offshore will file a Form S-4, TODCO will file a definitive proxy statement and both companies will file other relevant documents concerning the proposed merger transaction with the SEC. INVESTORS ARE URGED TO READ THE FORM S-4 AND THE PROXY STATEMENT WHEN THEY BECOME AVAILABLE, AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION REGARDING THE MERGER. Investors may obtain a free copy of the Form S-4 and the proxy statement (when available) and the other documents free of charge at the website maintained by the SEC at [www.sec.gov](http://www.sec.gov)

<<http://www.sec.gov>>.

Hercules Offshore and TODCO and their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from the stockholders of Hercules Offshore and TODCO in connection with the merger. Information about the directors and executive officers of Hercules Offshore and their ownership of Hercules common stock is set forth in the proxy statement for Hercules Offshore's

2006 Annual Meeting of Stockholders filed with the SEC on March 24, 2006.

Information about the directors and executive officers of TODCO and their ownership of TODCO common stock is set forth in the proxy statement for TODCO's

2006 annual meeting, which was filed

with the SEC on March 22, 2006. Investors may obtain additional information regarding the interests

of such participants by reading the Form S-4 and proxy statement for the merger when they become available.

