

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

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.

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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

3

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

6

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

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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, 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>>.

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.

