

TODCO  
Form 425  
May 10, 2007

May 10, 2007  
UBS Leveraged Finance 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 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](http://www.sec.gov) or the company's website at [www.herculesoffshore.com](http://www.herculesoffshore.com).

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

All forward-looking statements attributable to Hercules representatives are expressly qualified in their entirety by this cautionary statement.

2  
\$9.2  
\$10.8  
\$13.9  
\$24.0  
\$29.1  
\$33.7  
\$42.9  
\$47.3  
\$46.8  
\$24.9  
\$26.3  
\$28.2

\$24.0

\$27.0

\$42.6

\$54.3

\$67.4

\$63.7

1Q 05

2Q 05

3Q 05

4Q 05

1Q 06

2Q 06

3Q 06

4Q 06

1Q07

Liftboats

Drilling

\$4.2

\$4.6

\$5.8

\$11.7

\$16.8

\$20.7

\$26.7

\$24.5

21.7

\$12.5

\$12.6

\$13.8

\$11.3

\$14.1

\$26.8

\$33.7

\$44.0

40.2

1Q 05

2Q 05

3Q 05

4Q 05

1Q 06

2Q 06

3Q 06

4Q 06

1Q07

Liftboats

Drilling

Hercules Offshore Overview

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

Quarterly Revenue

Quarterly Adjusted EBITDA

(\$ in millions)

(\$ in millions)

Unique business mix within the oil services industry

Tremendous growth since inception in mid 2004

Experienced management team

Proven track record of strong return on capital

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

17

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/

Shipyards

(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

28

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)

29

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](http://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](http://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.



