



## **BOOTS & COOTS FIRST QUARTER 2008 EARNINGS CALL SCRIPT**

Some of the statements made in this call are forward-looking and as such are subject to many factors that could cause actual results to differ materially from expectations reflected in the forward-looking statements. These factors are described in the company's SEC documents. Boots & Coots undertakes no obligation to publicly update or revise any forward-looking statements. Today's presentation will also include certain non-GAAP financial measures as defined under the SEC rules. To comply with these rules, the company has provided a reconciliation of the non-GAAP measures in its earnings release.

### ***Jerry Winchester***

Thanks, Silvana, and good morning everyone. Thank you for joining us today to discuss our first quarter results.

The first quarter of 2008 was our largest revenue generator thus far. As we discussed on the last call, our Safeguard team managed an extensive project in Bangladesh providing our client risk management, engineering, well control, snubbing and pressure control services. Safeguard also led a significant project in Oman that combined several of our service lines. These projects demonstrated the value of our Safeguard prevention and risk management services to our clients and brought significant pull through revenue for the quarter.

Continuing to look at the international business during the quarter, we saw profitability increase in almost every location. We had a full quarter under our new snubbing contract in North Africa that led to significant growth for the region. Activity remained strong in both West Africa and the Middle-East; which provided snubbing

services on the Bangladesh project. Though Venezuelan revenues were off by 600 thousand dollars as compared to the first quarter of 2007, we saw a bottom line improvement of over 400 thousand dollars as a result of cost control measures taken during the fourth quarter of last year.

Domestically we were up more than 150% over the first quarter of last year. About half of that growth was driven by higher activity in the Mid Continent and the Gulf of Mexico. The balance came from our 07 acquisition of StassCo in the Rocky Mountains and the start up of our pressure control rentals business.

Our response business had a good quarter with high activity domestically, participation in the referenced Safeguard projects and a significant project in West Africa.

After Gabe goes through the numbers I'll discuss the outlook for the second quarter and the balance of the year.

Gabe...?

***Gabe Aldape***

Thank you, Jerry. For the quarter ended March 31, 2008 we reported net income of \$5.1 million or \$0.07 per diluted share. This compares to net income of \$0.5 million, or \$0.01 per diluted share for the first quarter of 2007. Revenues for the three months were \$45 million compared to \$22.3 million in the first quarter of 2007. EBITDA was \$9.8 million in the first quarter of 2008 compared to \$2.7 million for the same period in 2007.

Income tax expense was \$2 million for the quarter, which represents an effective tax rate of 27.9%, compared to a tax expense of \$221,000 for an effective tax rate of 32.3% for the first quarter of 2007. The percentage decrease in 2008 was due to the tax benefit from the use of net operating losses of \$2.1 million incurred prior to the purchase of the HWC business.

On a segment basis, for the first quarter of 2008, Well Intervention generated \$37.9 million in revenue and \$7.2 million in EBITDA compared to \$20.8 million and \$2.4 million, respectively in 2007, reflecting a year-over-year increase of 82% in revenue and 204% in EBITDA. The increase in revenues is primarily due to growth initiatives in the Company's international operations. In the current quarter, we started a two unit snubbing contract in Algeria which more than doubles our existing snubbing business in Algeria. We also completed a one well project in Bangladesh generating \$9.2 million in revenues during the current quarter as well as generated international revenues from our pressure control equipment rental business. Domestically, we benefited from increased revenues in the Mid-Continent and Gulf of Mexico as well as from our U.S. growth initiatives in the Rocky Mountain region and our pressure control equipment rental and service business.

The utilization rate on our hydraulic workover and snubbing units during the first quarter of 2008 was 50% compared to 32% during the first quarter of 2007 and 42% in the prior quarter. The hydraulic workover and snubbing business contributed \$27.2 million in revenue in the first quarter of 2008, while our prevention business contributed \$7.4 million and pressure control equipment rentals contributed \$3.4 million for the first quarter of 2008.

Moving over to our Response segment, for the first quarter of 2008 the Response segment reported revenues of \$7.1 million and EBITDA of \$2.7 million compared to \$1.4 million and \$0.4 million, respectively, in the first quarter of 2007. Increased international activity, particularly in Africa, contributed to the higher revenue and EBITDA margins during the quarter.

At March 31, 2008, we had working capital of \$35.7 million compared to \$34.7 million at December 31, 2007. Our cash balance at March 31, 2008 was \$6 million compared to \$6.5 million at December, 2007. We ended the quarter with stockholders' equity of \$82.7 million which increased \$5.7 million compared to

\$77 million at year end 2007, primarily due to our 2008 net income of \$5.1 million. Capital additions during the first quarter were \$6.8 million, which included \$4.7 million of expansionary and \$2.1 million of maintenance capital expenditures.

Our total debt was \$28.7 million at the end of the quarter, which was up from \$28.1 million sequentially due to borrowing against our revolver facility. Our outstanding debt balance is comprised of a term credit facility balance of \$5.4 million, a revolving credit facility balance of \$2.2 million and the unsecured subordinated debt outstanding to Oil States International of \$21.2 million. We made principal payments of \$485,000 against our term credit facility during the March 2008 quarter. Our credit availability under our revolver was \$8.5 million at the end of the quarter.

Jerry?

***Jerry Winchester***

Thank you, Gabe.

As you know, our domestic activity is driven by natural gas. With firming gas prices we expect our domestic operations to continue to build momentum in the second quarter. We have taken initiatives to expand our prevention and risk management services domestically and are expanding our training capabilities throughout our operating regions. We have opened a pressure control facility in East Texas to capitalize on the Haynesville Shale activity and we're looking for opportunities to expand into Western Colorado. We're continuing to see improved activity levels in the Gulf of Mexico and are optimistic looking through the third quarter.

While the Safeguard project in Bangladesh finished up in March and the project in Oman is at a much lower level this quarter, we have several new international projects either underway or anticipated to begin soon. We just mobilized on a significant Safeguard recovery job in India. We'll have a team of five positioned off

the shore of India to recover a damaged BOP stack laying 800 feet down on the ocean floor. We will also function as project manager in a role similar to the ones we took on in Bangladesh and Oman.

We are currently mobilizing on a hydraulic workover contract utilizing a 460k unit in Qatar. That unit is in transit from Dubai and expected to be rigged up mid-to-late May. The project should last approximately 6 months. We also have a newly built 340k snubbing unit in transit to Egypt as a replacement to some existing equipment. That will ultimately free up a smaller 150k unit that we intend to redeploy into the Middle-East to support the call out market in the Gulf region.

We are continuing with our strategic business development initiatives in Algeria, Egypt and Libya. We intend to continue to build on our previous successes in North Africa and hope to have some news to report later this quarter or early in Q3.

That being said, we hope to sustain the overall Well Intervention levels that we achieved during the first quarter. In anticipation of these new contracts, we're continuing to build capacity in both equipment and technical personnel. As a result, there may be some short term pressure on the margins for the second quarter but we believe they will be offset by margin improvements in the last half of the year.

Though response remains unpredictable, we're off to a solid start in April. I believe we will continue to benefit from our internal business development initiatives and ongoing geographic expansion.

Lastly, it is no secret that our vision is to be the premier provider of pressure control services in the world and I'm pleased to say that we have been successful in achieving key milestones with regard to the achievement of that vision. As the Company has changed dramatically over the last two years, our board recognizes the need for a change in our financial leadership. The future for Boots & Coots holds opportunities in both finance and M&A as well as continuing to ensure profitability and accretive value to our stakeholders. As a result, the company has embarked

upon a search for a Chief Financial Officer in January of this year and we anticipate having that search completed in the next 60 days.

Gabe Aldape came to Boots & Coots and accepted the position of Interim CFO when we acquired Hydraulic Well Control in March of 2006. While it was originally contemplated that Gabe would stay until we finished our search, he has decided to go ahead and pursue some of his own opportunities and as a result has submitted his resignation effective May 15.

I would like to take this opportunity to personally thank Gabe for the great job he has done with the challenge of integrating the accounting and administrative functions of HWC with Boots & Coots, bringing the company through the successful implementation of Sarbanes Oxley, and the development of the staff and control processes to ensure our results. This was no small task under any circumstance but to successfully achieve these goals under our level of growth was quite an accomplishment. Gabe has built a system that will function smoothly while we complete our search. Gabe, on behalf of myself, the Board and the employees of Boots and Coots, we thank you and wish you well in your new endeavors.

So Silvana, if you'll open up the call we'll take a few questions.