BOOTS & COOTS 2009 THIRD QUARTER 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, and good morning everyone. Thank you for joining us today to discuss third quarter results and the business in general.

I think it's obvious from the margin improvements over the second quarter that our cost management efforts have been working. What's not obvious is that in September we realized a spike in activity in nearly every location, particularly in North America where we've experienced a healthy pick up in snubbing and hydraulic workover activity in two areas most affected by the soft market, the Gulf of Mexico and Rocky Mountains. What's more encouraging is that this higher activity has continued through October.

Our equipment services segment reported its second best quarter in both revenues and EBITDA as we continue to service the Haynesville/Bossier shale play. While we've seen some pricing pressure, for the most part we've been able to hold our own. Much of our pressure equipment is specifically targeted for unconventional gas operations and we have successfully maintained a very experienced team of service specialists. Our customers acknowledge this value and are enabling us to continue our expansion in these areas. For example, at a flow rate of 30 million cubic feet per day and a flowing pressure of almost 7,000 PSI, Devon recently drilled what they believe is the best well ever completed to date in the Haynesville shale, and our flowback and pressure control equipment were used extensively in the process of completing the well.

While on the subject of expertise, I'd like to mention that our Safeguard/response team has been called on to do more than just put out fires in third world countries. In Puerto Rico where they recently experienced their largest gasoline storage tank fire in the territory's history, with some 20 tanks on fire at once, the EPA called Boots & Coots in as an advisor. We were also brought in as part of an advisory panel to help with a blowout off the coast of Australia. That's the kind of experience and expertise that we feel sets us apart from our competition and drives business to our door.

Now I'll let Cary drill through the numbers.

Cary?

Cary Baetz

Good morning everyone.

I will be staying with our usual format of going through the consolidated results and then driving down to more detail in the segment overviews.

For the quarter ended September 30, 2009 we reported net income of $0.8 million or $0.01 per diluted share, compared to net income of $0.7 million, or $0.01 per diluted share for the prior quarter and $5.4 million, or $0.07 per diluted share for the third quarter of 2008.

Third quarter revenues of $40.3 million were down compared to $47.0 million in the sequential second quarter and $56.5 million in the third quarter of 2008. EBITDA of $6.6 million for the third quarter was up compared to EBITDA of $5.1

million in the sequential second quarter and down compared to $10.2 million in the third quarter of 2008. EBITDA margin of 16.5% of revenues was up sequentially from 10.9% in the prior quarter and compares to 18.0% for the third quarter of last year.

Revenues for the nine months were $142.0 million compared to $153.4 million for the prior nine months. Nine month EBITDA was $18.4 million in 2009 compared to $29.3 million in 2008.

For the nine months ended September 30, 2009, we reported net income of $3.5 million, or $0.04 per diluted share, compared to $16.7 million, or $0.21 per diluted share in 2008.

Consolidated operating expenses were $5.5 million, down 29% sequentially and down 28% from a year ago. SG&A expense of $2.0 million was down 20% sequentially and 15% year-over-year. The decreases are primarily due to decreases in bonus accruals, and advertising and customer relation's expenses. We continue to take active steps to manage our costs and that is reflected in the expenses being down sequentially.

Depreciation and Amortization expense of $3.3 million in the quarter increased by about $150 thousand sequentially and $900 thousand year-over-year. This increase is largely attributable to an increase in capitalized assets primarily associated with growing our Equipment Services.

Now bear with me as I talk about the change in our tax rate. Based on where we do business our tax structure in complex and can add to wide fluctuations in our tax expenses. My explanation is long but hopefully will provide you with the clarity you seek.

The effective income tax rate in the third quarter of 65.6% of pre-tax income is up significantly compared to 28.7% for the prior quarter. The Company's estimated annual effective tax rate reflects, among other items, our best estimates of operating results and foreign currency exchange rates. A change in the mix of pretax income from these various jurisdictions had a significant impact on the Company's effective tax rate. In the 2nd quarter we expected a project to start in the 3rd quarter; however, that project has slipped to 2010 as well as the operating profit associated with it. We now anticipate having operating loss in a certain (and again not all just certain) foreign tax jurisdiction and an operating loss in Venezuela, due to the temporary shutdown and revenue accounting methodology.

A loss in Venezuela and the unexpected loss in Boots & Coots International legal entity dramatically increased our income tax expense. Those book income numbers drove down our worldwide income, while our tax expense in the US is still at 35%. When you take our tax provision and divide it by the lower worldwide income number to arrive at the effective rate. Since we have no tax exposure in the Boots & Coots International legal entity there is no corresponding tax benefit, and due to the NOL rules and the carry forwards of the NOL in VZ, we are unable to take a loss benefit for this either.

On a segment basis, for the third quarter of 2009 Pressure Control revenues were down 34% sequentially and down 47% year-over-year. EBITDA was up 33% sequentially but down 57% year-over-year. Revenues for the quarter were $14.9 million compared to revenues of $22.6 million in the prior quarter and $28.3 million in the third quarter of last year. Sequentially our revenues were negatively impacted by a project in India that was completed early in the third quarter and a slowdown in North America drilling activity but partially offset by an increase in Response activity. EBITDA for the quarter was $3.2 million compared to EBITDA of $2.4 million for the prior quarter and $7.3 million in last year's third quarter. EBITDA increased sequentially because the second quarter India project had lower margins that were replaced in part with higher margin Safeguard and response activity in the third quarter. Included in the 2008 results was a non-recurring well control salvage and secure project in India totaling $18 million.

For the nine months, the Pressure Control segment generated revenues of $64.5 million and EBITDA of $8.5 million, compared to revenues of $65.3 million and EBITDA of $16.5 million for 2008. Results were impacted by the projects already mentioned.

For the third quarter of 2009 Well Intervention revenues were $18.7 million compared to revenues of $18.6 million in the prior quarter and $23.6 million in the third quarter of last year. Third quarter EBITDA was $1.1 million compared to $1.4 million in the second quarter of this year and $2.2 million in last year's third quarter. Revenues and EBITDA were negatively impacted by lower utilization rates in Venezuela and the Middle East as well as a slowdown in the North American regions of the Gulf of Mexico and Rocky Mountains, which were partially offset by improved results in the Northeast and Southeast regions of the US and in North Africa.

The utilization rate on our hydraulic workover and snubbing units during the third quarter of 2009 was 44%, down slightly from the second quarter level of 45% and compared to 51% for the third quarter of last year.

For the nine months, Well Intervention revenues were $57.8 million compared to $73.6 million in 2008, and EBITDA was $3.5 million in 2009 compared to $9.5 million in 2008. The decreases in revenues and EBITDA were primarily due to the one time project in Bangladesh that was included in the revenue for the prior year period, the suspension of operations in Venezuela during the first quarter and for most of the second quarter of 2009, reduced business in the Middle East, the loss of a tender in Egypt and a slowdown in the North American regions of the Rocky Mountains, Mid-Continent and Gulf of Mexico that were partially offset by improved results in the Northeast and Southeast regions. In addition, the current year first nine months had revenue increases in Algeria as well as revenue from the commencement of operations in North Africa.

Our Equipment Services segment, for the third quarter of 2009 reported revenues of $6.7 million compared to $5.8 million for the prior sequential quarter and $4.6 million for the 2008 third quarter. EBITDA for the quarter was $2.4 million compared to $1.4 million in the prior quarter and $0.7 million for the third quarter of 2008. This segment continues to perform well as we continue to see increases in demand for our rental equipment and services.

For the nine months our Equipment Services segment reported $19.7 million in revenue and $6.5 million in EBITDA compared to $14.5 million and $3.3 million, respectively, in 2008.

At September 30, 2009, our net working capital was $45.5 million compared to $44.7 million in the second quarter and $40.2 million at the end of 2008. Our cash balance at September 30, 2009 was $6.3 million compared to $2.8 million the prior quarter and $6.2 million at December 2008.

Net receivables of $65.9 million were down from the $77.5 million at the end of June, primarily due to the increase in collections from Venezuela and other large customers.

As we stated in the last earnings call, we have returned to work in Venezuela and will remain working as long as we continue to see payments being made. As we said, we are only booking the BsF portion of the invoice as revenue, approximately 80% of the total invoice. The amount paid in US dollars will be recognized on a cash basis which means it will be recorded as revenue when the actual US dollars are received. As a result, the operation will be close to a break even since almost all our expenses are in BsF's.

As of last Friday, total accounts included in our accounts receivable owing from Venezuela's national oil companies was $14.1 million including $5.1 denominated in Bolivars Fuertes and $9.0 denominated in U.S. dollars, with roughly $3.5 million of that is actual US Dollars.

Capital additions during the third quarter were $1.8 million, which included $1.3 million of expansionary and $0.5 million of maintenance capital expenditures. For the prior quarter capital additions were $5.2 million. Our focus remains on organic growth and funding that growth with cash flow from operations. We will continue to monitor markets and adjust our capital needs to ensure adequate liquidity.

At the end of the quarter we had $45.5 million in total debt outstanding; $42.5 million under the credit facility and $3.0 million in related party debt resulting from the acquisition of John Wright Company. Our focus continues to be maintaining adequate liquidity and staying conservatively capitalized with a debt to total capital ratio of 30% and a total debt to trailing twelve months EBITDA of 1.6x at the end of September.

Now I'll turn it back to you Jerry.

Jerry Winchester

Thank you, Cary, for your lengthy but great detail. There are some significant items to be gleaned from our recent results that I want to be sure everyone caught. I mentioned earlier in the call that we are seeing margin improvements from our company wide initiatives to better manage our costs. These initiatives are most readily seen in our Pressure Control and Well Intervention segments. Perhaps the most important thing to note is that we have taken steps to better manage both our fixed and variable costs without impacting our infrastructure or our ability to quickly capitalize on new opportunities and improvements in the markets. We believe this leaves us in a very good position to maximize margins and grow profits in the ultimate recovery of the market.

Now let's talk a little bit about what our peers are saying are their goals going forward. They are saying that in North America their focus will be on unconventional gas drilling and moving into the shale plays such as Marcellus, Haynesville and Bossier; and they are saying they will diversify by moving equipment internationally.

If you've followed our company for very long, you understand that these are not new goals or strategies for us. This is not the flavor of the day. These are business strategies that we embarked upon over three years ago. Our domestic strengths are in these shale plays and our international revenues remain over 90% of our total.

When we purchased Hydraulic Well Control in 2006 we made a calculated push into horizontal completions in North America because we knew there was a niche for performing these using our snubbing equipment. We have district offices that specifically service the Haynesville, Bossier and Marcellus shales and have been actively and successfully running completions, snubbing and rentals in those areas since 2007.

The international market has always been a difficult one to penetrate for US companies. You don't just open an office, hang out a shingle and start working. We learned this lesson over 10 years ago. National oil companies and international operators have a different mindset. They are not looking for just a commodity service. They are looking for value in training, support and the transfer of technology. It takes a great deal of time and effort to understand the culture and develop the relationships that enable the short term contracts that lead to long term growth. It also takes a knowledge to know how to enter a new country that comes only from years of doing it. With operational bases in South America, North Africa, West Africa, the Middle East and Asia, we're years ahead of the curve. Other companies will find it difficult to open doors and quickly build an international business. Frankly it ***can't*** be done quickly.

So the things our small-cap peers are saying they're going to do we've already been doing. These initiatives have already been a part of our strategic plan. And the immediate results are that we're still in the black. And as for future results, we think we are just as well if not better positioned in this industry to capture an increasing piece of the market share due to this geographic diversity.

So while we remain cautious about whether the last few months represent a trend to recovery, we are encouraged about the results and satisfied that we are following a successful business and strategic plan. We will continue to take a conservative approach in our spending as to not compromise our capital structure. And we will be selective in out our investment options so that we can benefit from growth opportunities that a challenging market can produce.

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