



November 3, 2009

Oil States Announces Third Quarter Earnings of \$0.53 per Share

HOUSTON, Nov. 3, 2009 (GLOBE NEWSWIRE) -- Oil States International, Inc. (NYSE:OIS) reported net income for the quarter ended September 30, 2009 of \$26.6 million, or \$0.53 per diluted share on \$456.1 million of revenues and \$69.0 million of EBITDA (EBITDA is defined as net income plus interest, taxes, depreciation and amortization) compared to net income of \$88.1 million, or \$1.68 per diluted share, on \$814.8 million of revenues and \$172.2 million of EBITDA reported in the third quarter of 2008. (A)

"Our long term, oil driven businesses continued to contribute positively to our consolidated financial results," stated Cindy B. Taylor, Oil States' President and Chief Executive Officer. "Year over year increases in revenues and EBITDA in our Offshore Products and Accommodations businesses partially offset a difficult quarter for our North American, natural gas leveraged businesses."

Mrs. Taylor also stated, "We remained diligent in managing our costs and improved our financial position in the third quarter, paying down approximately \$48 million on our revolving credit facility. Oil States ended the third quarter with only \$193 million in total indebtedness, having reduced the revolver's indebtedness by \$261 million since the beginning of 2009. Our total debt to capitalization ratio decreased to 13% at September 30, 2009 from 27% at December 31, 2008."

The Company recognized an effective tax rate of 24.3% in the third quarter of 2009 compared to an effective tax rate of 37.1% in the third quarter of 2008. The year-over-year decrease in the quarterly effective tax rate was primarily driven by increased foreign sourced income which is taxed at lower statutory rates coupled with domestic tax benefits derived from estimated tax losses.

For the nine months ended September 30, 2009, the Company reported revenues of \$1.6 billion and EBITDA of \$148.1 million which resulted in net income of \$19.2 million, or \$0.39 per diluted share. The 2009 year-to-date results included a non-cash, pre-tax charge of approximately \$94.5 million, or \$1.65 per diluted share after-tax, taken in the second quarter related to the goodwill impairment in the rental tool reporting unit. Excluding the goodwill impairment charge taken, the Company reported \$242.6 million of Adjusted EBITDA (Adjusted EBITDA is defined as EBITDA excluding the goodwill impairment charges) and \$102.0 million of net income, or \$2.04 per diluted share, for the nine months ended September 30, 2009. For the first nine months of 2008, the Company reported revenues of \$2.0 billion and EBITDA of \$418.3 million which resulted in net income of \$212.8 million, or \$4.10 per diluted share.

BUSINESS SEGMENT RESULTS

(Unless otherwise noted, the following discussion compares the quarterly results from the third quarter of 2009 to the results from the third quarter of 2008.)

Well Site Services

Well Site Services generated revenues of \$180.4 million and EBITDA of \$45.7 million in the third quarter of 2009, compared to \$249.2 million and \$87.5 million, respectively, in the third quarter of 2008, representing year-over-year decreases of 28% and 48%, respectively. The decrease in EBITDA was primarily due to declining revenues and margins in the rental tool and drilling businesses due to the year-over-year decrease in North American drilling and completion activity, partially offset by improved year-over-year results from the Company's oil sands accommodations.

For the third quarter of 2009, the accommodations business reported revenues of \$110.3 million and EBITDA of \$36.3 million, compared to revenues and EBITDA of \$105.4 million and \$33.9 million, respectively, in the third quarter of 2008. Accommodations revenue and EBITDA increased 5% and 7%, respectively, primarily due to increased year-over-year utilization of the Company's large mobile camp assets supporting oil sands developments partially offset by a weaker Canadian dollar and reduced non-oil sands activity.

Rental tools generated \$51.7 million of revenues and \$6.5 million of EBITDA in the third quarter of 2009 compared to revenue of \$91.7 million and EBITDA of \$30.0 million in the third quarter of 2008. Rental tool revenues and EBITDA decreased 44% and 78%, respectively, primarily due to the 52% year-over-year quarterly decline in the North American rig count which created significant pricing pressure and lower fixed cost absorption.

Drilling services generated revenues and EBITDA of \$18.4 million and \$2.9 million, respectively, in the third quarter of 2009 compared to \$52.1 million of revenues and \$20.1 million of EBITDA in the third quarter 2008. These year-over-year decreases in drilling services were primarily due to significantly lower utilization in each of the company's three primary drilling markets coupled with a substantial reduction in pricing due to significantly increased competition from fewer wells being drilled as a result of lower commodity prices coupled with excess capacity in the U.S. drilling industry as a whole.

Offshore Products

In the third quarter of 2009, Offshore Products generated \$131.8 million of revenues and \$23.3 million in EBITDA compared to \$120.0 million of revenues and \$22.9 million in EBITDA in the third quarter of 2008. The 10% year-over-year increase in revenues was primarily due to higher revenue contribution from subsea pipeline and bearing and connector products for international projects. The third quarter 2008 results were also negatively impacted by Hurricane Ike which led to certain inefficiencies and lower cost absorption in our Houston and Houma operations. Backlog totaled \$252.7 million at September 30, 2009 compared to \$302.8 million at June 30, 2009.

Tubular Services

Tubular Services generated revenues and EBITDA of \$143.9 million and \$7.2 million, respectively, during the third quarter of 2009 compared to revenues of \$445.6 million and EBITDA of \$68.8 million in the third quarter of 2008. Tubular Services' OCTG shipments decreased 60% to 67,500 tons in the third quarter of 2009 from 168,100 tons in the third quarter of 2008 primarily due to the 52% year-over-year quarterly decrease in the U.S. drilling rig count coupled with excess inventory across the industry. These factors, in addition to more competitive pricing, negatively impacted gross margins in the third quarter of 2009 which decreased to 7.0% from 16.6% in the third quarter of 2008. Tubular Services gross margins in the third quarter of 2009 benefited from a \$1.0 million adjustment primarily related to pipe sales by a third party affiliate made in prior periods. Despite difficult market conditions, the Company's OCTG inventory declined by \$7 million during the third quarter of 2009 to \$289 million from \$296 million reported at June 30, 2009 and declined \$107 million from \$396 million reported at December 31, 2008.

Oil States International, Inc. is a diversified oilfield services company. With locations around the world, Oil States is a leading manufacturer of products for deepwater production facilities and subsea pipelines, and a leading supplier of a broad range of services to the oil and gas industry, including production-related rental tools, work force accommodations and logistics, oil country tubular goods distribution and land drilling services. Oil States is publicly traded on the New York Stock Exchange under the symbol OIS.

The Company will be hosting a conference call to discuss the results for the third quarter of 2009 on Wednesday, November 4, 2009 at 11:00 am Eastern time. This call is being webcast and can be accessed at Oil States' web site at <http://www.oilstatesintl.com>. Participants may also join the conference call by dialing (800) 446-2782 and using the passcode of 25606374. A replay of the conference call will be available one hour after the completion of the call by dialing (888) 843-8996 and entering the passcode of 25606374.

The Oil States International, Inc. logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=6058>

This press release contains and the associated conference call will contain forward-looking statements within the meaning of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are those that do not state historical facts and are, therefore, inherently subject to risks and uncertainties. The forward-looking statements included therein will be based on then current expectations and entail various risks and uncertainties that could cause actual results to differ materially from those forward-looking statements. Such risks and uncertainties include, among other things, risks associated with the general nature of the oilfield service industry and other factors discussed within the "Business" section of the Form 10-K for the year ended December 31, 2008 filed by Oil States with the SEC on February 20, 2009 and within the Company's subsequent SEC filings.

Oil States International, Inc.
Unaudited Condensed Consolidated Statements of Income
(in thousands, except per share amounts)
(unaudited)

Three Months Ended		Nine Months Ended	
September 30,		September 30,	
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2009	2008	2009	2008
-----	-----	-----	-----

Revenues	\$456,103	\$814,790	\$1,579,536	\$2,047,401
Costs and expenses:				
Cost of sales and services	353,845	609,354	1,235,747	1,532,874
Selling, general and administrative expenses	33,964	37,494	102,377	105,577
Depreciation and amortization expense	30,193	27,325	86,863	75,741
Impairment of goodwill	--	--	94,528	--
Other operating income	(439)	(893)	(181)	(659)
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Operating income	38,540	141,510	60,202	333,868
Interest expense	(3,613)	(5,656)	(11,714)	(18,416)
Interest income	27	940	350	2,756
Equity in earnings of unconsolidated affiliates	250	431	1,184	3,167
Other income	91	2,994	193	5,896
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Income before income taxes	35,295	140,219	50,215	327,271
Income tax provision	(8,594)	(52,040)	(30,637)	(114,125)
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Net income	26,701	88,179	19,578	213,146
Less: Net income attributable to noncontrolling interest	122	98	357	327
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Net income attributable to Oil States International, Inc.	\$ 26,579	\$ 88,081	\$ 19,221	\$ 212,819
	=====	=====	=====	=====
Net income per share				
Basic	\$ 0.54	\$ 1.77	\$ 0.39	\$ 4.29
Diluted	\$ 0.53	\$ 1.68	\$ 0.39	\$ 4.10
Weighted average number of common shares outstanding				
Basic	49,653	49,811	49,584	49,622
Diluted	50,153	52,322	49,886	51,949

Oil States International, Inc.
Consolidated Balance Sheets
(in thousands)

	Sept. 30, 2009	June 30, 2009	Dec. 31, 2008 (B)
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Assets			
Current assets			
Cash and cash equivalents	\$ 61,281	\$ 56,099	\$ 30,199
Accounts receivable, net	361,549	319,690	575,982
Inventories, net	485,304	502,999	612,488
Prepaid expenses and other current assets	13,730	16,741	18,815
	-----	-----	-----
Total current assets	921,864	895,529	1,237,484

Property, plant and equipment, net	726,877	707,996	695,338
Goodwill, net	217,627	214,541	305,441
Investments in unconsolidated affiliates	4,893	4,639	5,899
Other non-current assets	35,335	35,115	54,356
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Total assets	\$1,906,596	\$1,857,820	\$2,298,518
	=====	=====	=====

Liabilities and stockholders' equity

Current liabilities			
Accounts payable and accrued liabilities	\$ 190,385	\$ 158,858	\$ 371,789
Income taxes	10,555	8,691	52,546
Current portion of long-term debt	446	4,940	4,943
Deferred revenue	117,872	113,457	105,640
Other current liabilities	850	916	1,587
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Total current liabilities	320,108	286,862	536,505
Long-term debt (C)	192,657	238,881	449,058
Deferred income taxes	55,691	54,185	64,780
Other noncurrent liabilities	12,445	12,700	12,634
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Total liabilities	580,901	592,628	1,062,977
Stockholders' equity			
Common stock	530	529	526
Additional paid-in capital	463,920	459,104	453,733
Retained earnings	920,222	893,643	901,001
Accumulated other comprehensive income / (loss)	32,403	3,446	(28,409)
Treasury stock	(92,341)	(92,313)	(91,831)
	-----	-----	-----
Total stockholder's equity	1,324,734	1,264,409	1,235,020
Noncontrolling interest	961	783	521
	-----	-----	-----
Total equity	1,325,695	1,265,192	1,235,541
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Total liabilities and equity	\$1,906,596	\$1,857,820	\$2,298,518
	=====	=====	=====

Oil States International, Inc.

Segment Data
(in thousands)
(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	-----		-----	
	2009	2008	2009	2008
	-----		-----	

Revenues

Accommodations	\$110,299	\$105,380	\$ 340,531	\$ 332,518
Rental tools	51,721	91,699	177,075	258,767

Drilling and other	18,380	52,086	46,525	133,316
Well site services	180,400	249,165	564,131	724,601
Offshore products	131,761	120,008	382,271	386,780
Tubular services	143,942	445,617	633,134	936,020
Total revenues	\$456,103	\$814,790	\$1,579,536	\$2,047,401
Adjusted EBITDA (A)				
Accommodations	\$ 36,308	\$ 33,917	\$ 127,833	\$ 120,888
Rental tools (D)	6,517	30,029	25,784	80,689
Drilling and other	2,918	23,584	6,076	53,900
Well site services (D)	45,743	87,530	159,693	255,477
Offshore products	23,296	22,853	67,500	74,759
Tubular services	7,191	68,829	37,634	108,173
Corporate and eliminations	(7,278)	(7,050)	(22,214)	(20,064)
Total Adjusted EBITDA (D)	\$ 68,952	\$172,162	\$ 242,613	\$ 418,345

Adjusted EBITDA is defined as EBITDA excluding the goodwill impairment charges taken in the second quarter of 2009.

Oil States International, Inc.
Segment Data
(in thousands)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Revenues				
Accommodations	\$110,299	\$105,380	\$ 340,531	\$ 332,518
Rental tools	51,721	91,699	177,075	258,767
Drilling and other	18,380	52,086	46,525	133,316
Well site services	180,400	249,165	564,131	724,601
Offshore products	131,761	120,008	382,271	386,780
Tubular services	143,942	445,617	633,134	936,020
Total revenues	\$456,103	\$814,790	\$1,579,536	\$2,047,401
EBITDA (A)				
Accommodations	\$ 36,308	\$ 33,917	\$ 127,833	\$ 120,888
Rental tools (E)	6,517	30,029	(68,744)	80,689
Drilling and other	2,918	23,584	6,076	53,900
Well site services (E)	45,743	87,530	65,165	255,477
Offshore products	23,296	22,853	67,500	74,759
Tubular services	7,191	68,829	37,634	108,173
Corporate and eliminations	(7,278)	(7,050)	(22,214)	(20,064)
Total EBITDA (E)	\$ 68,952	\$172,162	\$ 148,085	\$ 418,345

Operating income / (loss)				
Accommodations	\$ 26,575	\$ 23,695	\$ 100,588	\$ 93,761
Rental Tools (E)	(4,030)	21,003	(98,997)	54,926
Drilling and other	(3,697)	14,833	(13,504)	31,679
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Well site services (E)	18,848	59,531	(11,913)	180,366
Offshore products	20,553	20,273	59,287	66,656
Tubular services	6,580	68,261	35,458	106,533
Corporate and eliminations	(7,441)	(6,555)	(22,630)	(19,687)
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Total operating income (E)	\$ 38,540	\$141,510	\$ 60,202	\$ 333,868
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Oil States International, Inc.
Additional Quarterly Segment and Operating Data
(unaudited)

	Three Months Ended September 30,	
	-----	-----
	2009	2008
	-----	-----
Supplemental operating data		
Land drilling operating statistics		
Average rigs available	37	36
Utilization	39.9%	91.8%
Implied day rate (\$ in thousands per day)	\$ 13.8	\$ 17.1
Implied daily cash margin (\$ in thousands per day)	\$ 2.7	\$ 6.9
Offshore products backlog (\$ in millions)	\$ 252.7	\$ 420.5
Tubular services operating data		
Shipments (tons in thousands)	67.5	168.1
Quarter end inventory (\$ in thousands)	\$289,447	\$276,927

(A) The term EBITDA consists of net income plus interest, taxes, depreciation and amortization. EBITDA is not a measure of financial performance under generally accepted accounting principles. You should not consider it in isolation from or as a substitute for net income or cash flow measures prepared in accordance with generally accepted accounting principles or as a measure of profitability or liquidity. Additionally, EBITDA may not be comparable to other similarly titled measures of other companies. The Company has included EBITDA as a supplemental disclosure because its management believes that EBITDA provides useful information regarding our ability to service debt and to fund capital expenditures and provides investors a helpful measure for comparing its operating performance with the performance of other companies that have different financing and capital structures or tax rates. The Company uses EBITDA to compare and to monitor the performance of its business segments to other comparable public companies and as a benchmark for the award of incentive compensation under its annual incentive compensation plan. The following table sets forth a reconciliation of EBITDA to net income, which is the most directly comparable measure of financial performance calculated under generally accepted accounting principles:

Oil States International, Inc.
Reconciliation of GAAP to Non-GAAP Financial Information
(in thousands)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Net income	\$26,579	\$ 88,081	\$ 19,221	\$212,819
Income tax expense	8,594	52,040	30,637	114,125
Depreciation and amortization	30,193	27,325	86,863	75,741
Interest income	(27)	(940)	(350)	(2,756)
Interest expense	3,613	5,656	11,714	18,416
EBITDA	\$68,952	\$172,162	\$148,085	\$418,345
Goodwill impairment	--	--	94,528	--
Adjusted EBITDA	\$68,952	\$172,162	\$242,613	\$418,345
Rental Tools EBITDA	6,517	30,029	(68,744)	80,689
Goodwill impairment	--	--	94,528	--
Adjusted Rental Tools EBITDA	\$ 6,517	\$ 30,029	\$ 25,784	\$ 80,689

Adjusted EBITDA is calculated by excluding the goodwill impairment charge from the second quarter results in order to present a more meaningful comparison of the Company's operating results.

- (B) Adjusted to reflect the retrospective application of APB 14-1 accounting for existing convertible notes effective and adopted on January 1, 2009.
- (C) As of September 30, 2009, the Company had approximately \$450.3 million available under its revolving credit facility.
- (D) Results for the nine months ended September 30, 2009 exclude the goodwill impairment charge of \$94.5 million, taken in the second quarter of 2009.
- (E) Results for the nine months ended September 30, 2009 include the goodwill impairment charge of \$94.5 million, taken in the second quarter of 2009.

CONTACT: Oil States International, Inc.
Bradley J. Dodson
713-652-0582