



INDUSTRY: Energy - Offshore and Deepwater Oil & Gas Services and Technology

December 31, 2009 \$0.13

CORPORATE SNAPSHOT

Deep Down, Inc. is an oilfield services company that has served the worldwide offshore exploration and production industry since 1997. Deep Down's proven services and technological solutions include distribution system installation support and engineering services, distributed and drill riser buoyancy, umbilical terminations, loose-tube steel flying leads, ROVs and ROV tooling, as well as marine automation, monitoring and control systems.

Deep Down supports subsea engineering, installation, commissioning, and maintenance projects through specialized, highly experienced service teams and engineered technological solutions. The company's primary focus is on more complex deepwater and ultra-deepwater oil production distribution system support services and technologies, used between the platform and the wellhead. Deep Down provides these services through its four subsidiaries.

Deep Down has been engaged in an aggressive acquisition strategy that has fueled the company's strong growth. To date, its acquisitions include ElectroWave USA, manufacturing advanced automation for the marine industry; Mako Technologies, providing ROVs, ROV tooling, and crews, and offshore equipment rentals; and Flotation Technologies, developers of specialized offshore flotation such as drill riser buoyancy and other marine flotation solutions.

The company's current growth strategy is to leverage the record-number of subsea and service projects forecast (see chart on page 4) over the next five years with its in-demand engineering, services, and products needed by major integrated, large independent, and foreign national oil and gas companies in deepwater exploration and production of oil and gas throughout the world.

SERVICES

Deep Down's installation management and engineering teams specialize in deepwater subsea developments. Deep Down's expertise is derived from extensive knowledge of, and experience, with installation contractors, operators, controls suppliers, and umbilical manufacturers. Due to this wide knowledge base, Deep Down's engineering team supports operators and installation contractors to provide installation management, engineering, and innovation of new enabling deepwater technologies.

Deep Down's engineers and technicians work hand-in-hand with project managers and platform engineers to help insure that all aspects and dangers are identified and planned for, or eliminated, prior to arrival on the platform.



Table with 2 columns: Metric and Value. Rows include Capitalization and Stock Data: Price on 12/31/09 (\$0.13), 52-Week Price Range (\$0.08 - \$0.28), Market Capitalization (\$23,458,582), Shares Outstanding (180,450,630), Public Float (\$17,435,698), Fiscal Year (December 31)

Deep Down has been involved in the majority of topside connections and commissioning activities in the Gulf of Mexico, and often participates in all aspects of planning, engineering, installation, and risk assessments for the project.

PRODUCTS

Deep Down provides a variety of custom engineered subsea distribution system hardware and drill riser buoyancy solutions; we specialize in the development of offshore innovations such as loose-tube steel flying-leads, Morays™, installation carousels, pipeline terminations, AHC, launch and retrieval systems (LARS), and all manner of marine automation, monitoring and control, among other services.

CUSTOMERS

Deep Down's customer list includes most major oil companies including British Petroleum (BP), Royal Dutch Shell, Exxon/Mobil, Chevron, Anadarko, Marathon Oil, BHP, Amerada Hess, Helix, Oceaneering, Subsea 7, Acergy, Aker Kvaerner, and Cameron, among others.

Disclaimer: One of our most important responsibilities is to communicate with shareholders in an open and direct manner. Comments here are based on current management expectations, and are considered "forward-looking statements," generally preceded by words such as "plans," "expects," "believes," "anticipates," or "intends." We cannot promise future returns. Our statements reflect our best judgment at the time they are issued, and we disclaim any obligation to update or alter forward-looking statements as the result of new information or future events. Deep Down urges investors to review the risks and uncertainties contained within its filings with the Securities and Exchange Commission.



SIGNIFICANT DEVELOPMENT HIGHLIGHTS

5/3/10

DEEP DOWN TO ACQUIRE CUMING CORPORATION

... Deep Down expects to acquire 100% of the stock of Cuming Corporation for approximately \$37 million in the form of a combination of cash and shares of Deep Down and assume approximately \$13 million of net liabilities based upon Cuming Corporation's balance sheet as of December 31, 2009. In 2009, Cuming Corporation generated revenue and gross profit of approximately \$73 million and \$15 million, respectively.

As of March 31, 2010, the business had contracted backlog and signed letters of intent representing approximately \$138 million and \$32 million of orders, respectively, the majority of which are scheduled for production in 2010. Consummation of the transaction remains subject to several conditions including Deep Down's obtaining adequate external financing to fund the approximately \$34 million cash component of the purchase price.

4/23/10

DEEP DOWN BEGINS CONSTRUCTION OF CAROUSEL

...Deep Down announced that it has completed the design and has begun construction of a 3,200 metric ton Carousel System, which is scheduled for completion early in the third quarter of 2010.

Upon completion the Carousel System will be located in the Gulf Coast, to facilitate the handling of umbilicals from transportation vessels onto the Carousel, and with the ability to store up to three separate steel tube umbilicals for projects in the region.

12/15/09

DEEP DOWN SECURES TWO NEW CONTRACTS FOR \$4 MILLION

...Deep Down today announced the signing of two contracts in excess of \$4 million for work in West Africa. These Contracts, for buoyancy products made by our subsidiary Flotation Technologies, Inc. and umbilical services at Deep Down's Channelview, Texas facility, will be completed over the first half of 2010.

HISTORICAL FINANCIAL HIGHLIGHTS

<i>(In Thousands)</i>	Years Ended December 31,		
	2009	2008	2007
Revenues (1)	\$ 29,449	\$ 35,770	\$ 19,390
Gross Profit (1)	\$ 9,561	\$ 14,084	\$ 6,084
Net Income (Loss) (1)	\$(16,142)	\$(4,323)	\$ 953
Adjusted EBITDA (2)	\$ (2,285)	\$ 983	\$ 4,274

- (1) As presented in the Notes to the Consolidated Financial Statements in the Annual Report on Form 10-K.
- (2) Net income (loss) before cumulative effect of accounting change plus the sum of net interest expense, income taxes, non-cash stock compensation expense, non-cash asset impairments, depreciation, amortization and other non-cash items.



(OTCBB: DPDW)

Officers' and Directors' Biographies

Ronald E. Smith, President, Chief Executive Officer and Director. Mr. Smith co-founded Deep Down in 1997 and has served as our Chief Executive Officer, President and Director since December 2006. Prior to December 2006, Mr. Smith was Deep Down's President. Mr. Smith graduated from Texas A&M University with a Bachelor of Science degree in Ocean Engineering in 1981. Mr. Smith worked both onshore and offshore in management positions for Ocean Drilling and Exploration Company (ODECO), Oceaneering Multiflex, Mustang Engineering and Kvaerner before founding Deep Down. Mr. Smith's interests include all types of offshore technology, nautical innovations, state of the art communications, diving technology, hydromechanics, naval architecture, dynamics of offshore structures, diving technology and marketing of new or innovative concepts. Mr. Smith is directly responsible for the invention or development of many innovative solutions for the offshore industry, including the first steel tube flying lead installation system.

Eugene L. Butler, Chairman of the Board. Mr. Butler has served as Chief Financial Officer and Director with Deep Down since June 2007, and was appointed Chairman of the Board effective September 1, 2009. Mr. Butler was Managing Director of CapSources, Inc., an investment banking firm specializing in mergers, acquisitions and restructurings, from 2002 until 2007. Prior to this, he has served in various capacities as a director, president, chief executive officer, chief financial officer and chief operating officer for Weatherford International, Inc., a multi-billion multinational service and equipment corporation serving the worldwide energy market, from 1974 to 1991. He was elected to Weatherford's Board of Directors in May of 1978, elected president and chief operating officer in 1979, and president and chief executive officer in 1984. He successfully developed and implemented a turnaround strategy eliminating debt and returning the company to profitability during a severe energy recession. Mr. Butler also expanded operations into international markets allowing Weatherford to become a major worldwide force with its offshore petroleum products and services. Mr. Butler graduated from Texas A&M University in 1963, and served as an officer in the U.S. Navy until 1969 when he joined Arthur Andersen & Co. Mr. Butler is distinguished by numerous medals and decorations, including the Bronze Star with combat "V" and the Presidential Unit Citation for his service with the river patrol force in Vietnam. Mr. Butler also serves on the Board of Powell Industries, Inc. since 1991, where he is the Chairman of the Audit Committee and on the Governance Committee.

Mary L. Budrunas, Vice-President, Corporate Secretary and Director. Ms. Budrunas, co-founder of Deep Down, Inc. along with current chief executive officer Ronald E. Smith, and has served as our Vice-President, Corporate Secretary and Director since December 2006. Ms. Budrunas is responsible for our administrative functions, including human resources and accounting. Ms. Budrunas has more than 30 years of logistical management experience in manufacturing, fabrication, and industrial sourcing in the oil and gas industry. Prior to Ms. Budrunas co-founding Deep Down in 1997, she managed the purchasing efforts of many projects over a 10-year period for Mustang Engineering, and previously directed procurement for a large petroleum drilling and production facility project in Ulsan, Korea.

Mark R. Hollinger, Director. Mr. Hollinger joined the Board as an independent director effective April 12, 2010, and was appointed Chairman of the Audit Committee of the Board of Directors. Mr. Hollinger is currently President of Offshore Solutions at MacDermid, Inc. ("MacDermid"), which provides specialty fluids to hydraulic controls of valves in the offshore drilling and production systems; a position he has held since September 2007. Prior to MacDermid, Mr. Hollinger served as President of Merix Corporation from May 1999 to January 2007 and Chief Executive Officer from September 1999 to January 2007. During the past five years, Mr. Hollinger served on the board of directors of Merix Corporation and Simple Tech, as well as several non-profit board of directors.

Gay Stanley Mayeux, Vice President and Chief Financial Officer. Ms. Mayeux joined Deep Down in April 2010 as Vice President and Chief Financial Officer. Most recently, she was Vice President of Finance and Treasurer Willbros Group (NYSE: WG) since 2005. Ms. Mayeux held various financial positions with McDermott International (NYSE:MDR) and its subsidiary J. Ray McDermott from 2002 to 2005. Ms. Mayeux has spent most of her 35-year career in financial management positions, primarily international energy services companies. She began her career in public accounting with Deloitte & Touche and has been Vice President and Chief Financial Officer at Hydril Company and Input/Output, Inc. and Vice President/Controller at Weatherford International, Ltd. Ms. Mayeux holds a Bachelor of Business Administration from the University of Mississippi and is a Certified Public Accountant.



Deep Down Companies are:



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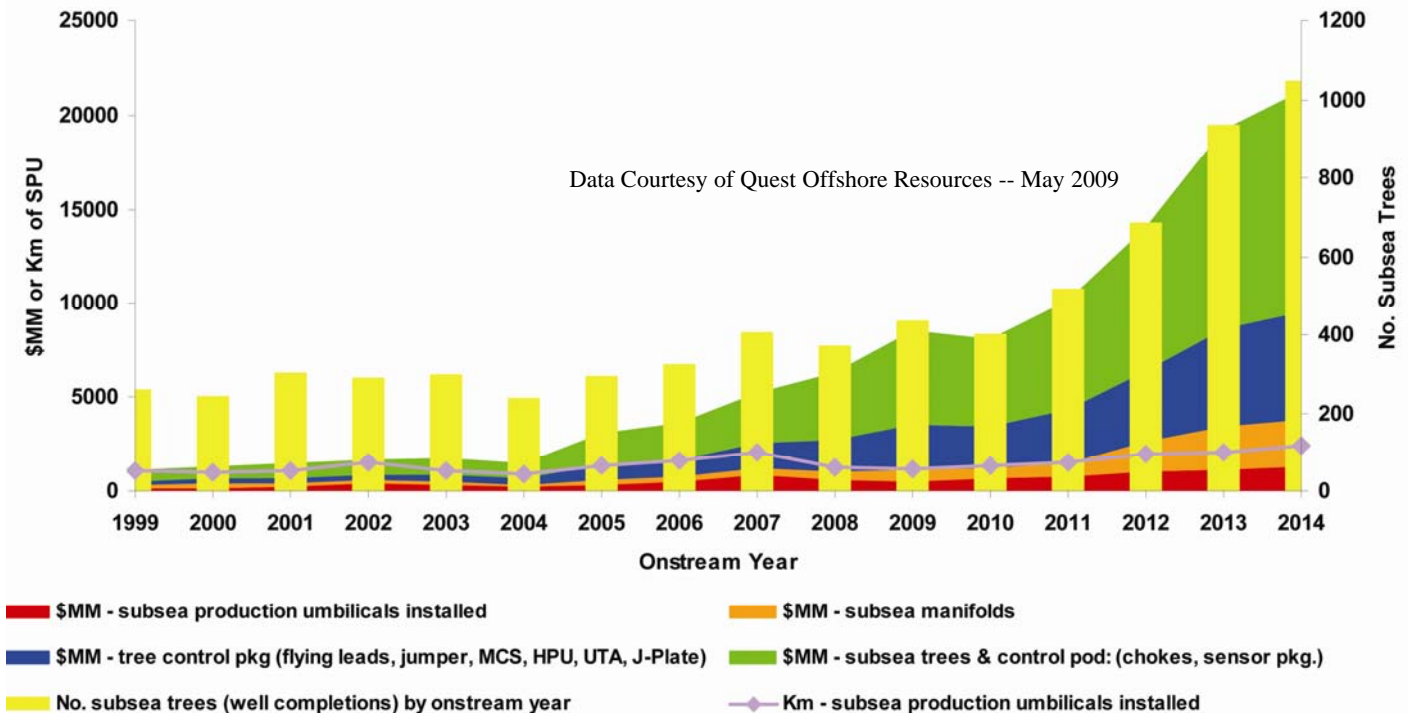


INVESTMENT CONSIDERATIONS

- Subsea Services Subsector Healthy:** According to *Quest Offshore Resources, Inc.*, between 2009 and 2014, capital expenditures for subsea development will reach an all time high of \$81.1 billion. The yellow bars on the chart below indicate number of subsea trees, although we do not make trees, most everything we service, install, or manufacture, connects to the subsea tree. More subsea trees mean more subsea business for Deep Down.
- Aggressive Acquisition Strategy in a Growing Industry:** With three accretive acquisitions in less than 18 months, Deep Down has experienced unprecedented growth, and continues on its plan to build a billion dollar company.
- Innovative Subsea Deep Water Technology:** Deep Down has developed a comprehensive list of in-demand offshore products and services, including its new CoreTec™ deepwater drill riser buoyancy. Deep Down's development and fabrication of innovative offshore deployment equipment and methods are helping installation contractors and their customers to operate more effectively, reliably, and safely in the world's new deep and ultra-deep water oil fields (6,000 to 10,000 ft., and beyond).

World Subsea Production Capex

Forecast spending 2009-2014e \$81.1bn



For More Information Please Contact Investor Relations at (281) 517-5000