

## RESEARCH NOTE

### OMNI ENERGY SERVICES CORP. (OMNI: NASDAQ)

Share Statistics	
<b>Symbol</b>	OMNI
<b>Last Trade (10/13/04)</b>	\$4.42
<b>High/ Low 52 weeks</b>	\$9.00/2.19
<b>Average Volume (3m)</b>	182,318
<b>Market Capitalization</b>	\$49.36 Mn
<b>Shares Outstanding</b>	11.6 Mn

*Source: Yahoo Finance, SEC Filings, analyst estimates*

#### OMNI AMENDS REDEMPTION TERMS OF DEBENTURES. CHANGE PERMITS EARLY EXTINGUISHMENT OF 6.5% CONVERTIBLE DEBENTURES

On October 12, 2004, OMNI announced it has entered into an Amendment and Conditional Waiver Agreement, dated October 8, 2004, with Manchester Securities Corporation, Provident Premier Master Fund, Ltd., Gemini Master Fund, Ltd. and Portside Growth and Opportunity Fund, the holders of the OMNI's 6.5% Subordinated Convertible Debentures. The Amendment permits OMNI to extinguish the debentures on or prior to November 15, 2004. The Amendment also permits OMNI to obtain financing and incur indebtedness senior to the debentures to fulfill its obligations under the Amendment if, simultaneously with the closing of such financing, the debentures are paid in full. Also the Investors extended the date of the OMNI's October 1, 2004 interest payment under the Debentures to October 18, 2004 and the Investors extended the date of the OMNI's October 7, 2004 payment of the Put Amount to October 18, 2004.

Under the terms of the Amendment, the holders granted OMNI the right to pre-pay in cash all, but not less than all, of the outstanding 6.5% Subordinated Convertible Debentures held by each holder on or prior to November 15, 2004. The agreed upon redemption price is equal to the then outstanding principal (\$12.4 million as of October 8, 2004), and accrued and unpaid interest and penalties, if any, on the debentures held by such holder. In exchange for such right, OMNI has agreed to allow the holders of the debentures to convert \$2,000 of the principal amount of the second debentures into 200,000 shares of the OMNI's common stock at a revised conversion price of \$0.01 per share.

***The recent amendment of Securities Purchase Agreement makes us believe OMNI will redeem the outstanding 6.5% Subordinated Convertible Debentures on or prior to November 15, 2004. For this right, OMNI is likely to accrue expenses of approximately \$0.85 million in 4QFY04. We believe, by this redemption, OMNI will significantly reduce the dilution risk and ultimately will enhance the shareholder value.***

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