#### UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

#### FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of
The Securities Exchange Act of 1934

May 6, 2005 (May 6, 2005)

Date of Report (Date of earliest event reported)

### NATIONAL OILWELL VARCO, INC.

(Exact name of registrant as specified in its charter)

**Delaware** 

(State or other jurisdiction of incorporation)

**1-12317** (Commission File Number)

**76-0475815** (IRS Employer Identification No.)

10000 Richmond Avenue Houston, Texas

(Address of principal executive offices)

**77042** (Zip Code)

Registrant's telephone number, including area code: 713-346-7500

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

#### Item 2.02 Results of Operations and Financial Condition

On May 6, 2005, National Oilwell Varco, Inc. issued a press release announcing earnings for the quarter ended March 31, 2005 and conference call in connection therewith. A copy of the release is furnished herewith as Exhibit 99.1 and incorporated herein by reference.

The information contained in this Current Report shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be incorporated by reference into a filing under the Securities Act of 1933, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

#### **Item 9.01 Financial Statements and Exhibits**

(c) Exhibits

The following exhibit is provided as part of the information furnished under Item 2.02 of this Current Report on Form 8-K:

99.1 National Oilwell Varco, Inc. press release dated May 6, 2005 announcing the earnings results for the first quarter ended March 31, 2005.

#### **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 6, 2005 NATIONAL-OILWELL, INC.

/s/ Clay C. Williams

Clay C. Williams

Sr. Vice President and Chief Financial Officer

#### INDEX TO EXHIBITS

99.1	National Oilwell Varco, Inc. press release dated May 6, 2005 announcing the earnings results for the first quarter ended March 31, 2005.	



NEWS Contact: Clay Williams

(713)346-7606

#### FOR IMMEDIATE RELEASE

#### NATIONAL OILWELL VARCO ANNOUNCES FIRST QUARTER 2005 EARNINGS

**HOUSTON, TX, May 6, 2005** ¾ National Oilwell Varco, Inc. (NYSE: NOV) today reported that for its first quarter ended March 31, 2005 it earned \$35.6 million, or \$0.33 per fully diluted share, which includes \$10.9 million of pre-tax charges related to its merger with Varco International, Inc. Net income for the period excluding these charges was \$44.3 million, or \$0.42 per fully diluted share. Reported revenues for the quarter were \$814.9 million, and operating profit excluding the \$10.9 million merger and restructuring charges was \$76.8 million.

The Company completed its merger with Varco International, Inc. on March 11, 2005, and, as a result, its financial statements reflect Varco's results for only the last 20 days of the quarter.

Backlog for capital equipment orders for the Company's new Rig Technology segment at March 31, 2005 rose 9 percent through the quarter to \$852 million, compared to a combined backlog for National Oilwell and Varco at December 31, 2004 of \$783 million. Varco's backlog levels as of December 31, 2004 have been recalculated to conform with the Company's backlog measurement practices, which exclude orders below certain dollar-value thresholds. Varco previously reported backlog amounts of all open orders for its drilling, coiled tubing, and wireline equipment businesses.

Pro forma revenues out of backlog for the full 90 days of the quarter for both Varco and National Oilwell totaled \$305 million, compared to orders which totaled \$374 million, reflective of the growing demand for the Company's drilling and well-servicing products.

In addition to reported results, the Company is also providing supplemental results, which include full quarter Varco results on a pro forma basis, for the first quarters of 2005 and 2004 and for the quarter ended December 31, 2004. National Oilwell Varco pro forma revenues and operating profit for the quarter were \$1.1 billion and \$110.5 million.

The Company also announced its new reporting segments, which are described below.

Post Office Box 4888 Houston, Texas 77210-4888 (713)346-7500

- more -

#### Rig Technology

The Rig Technology segment includes most of the capital equipment manufactured and sold by the Company including drilling rigs, jackup packages, coiled tubing units, cranes, mooring systems, wireline units, nitrogen injection units and workover rigs. Revenues for this segment on a pro forma basis for the first quarter were \$543.3 million, up 3% sequentially. Operating income declined \$4.4 million during this period to \$61.3 million, primarily due to higher costs related to a large project that shipped in the quarter and another project near completion. Compared to the pro forma first quarter of 2004, revenues rose 58% and operating leverage (incremental operating profit divided by incremental revenue) was 22%.

#### **Petroleum Services & Supplies**

The Petroleum Services & Supplies segment consists of those businesses within the Company providing critical services and consumables to the oil and gas industry and includes pump and liner expendable supplies; pipeline and tubular inspection and coating; fiberglass and coiled tubing pipe sales; solids control and rig instrumentation; and downhole tools rentals and sales. Pro forma first quarter operating profit of \$63.6 million for this segment fell sequentially \$2.8 million due to a sharp seasonal decline in pipeline inspection services, and lower volumes and margins for the Company's fiberglass pipe sales. These declines were partly offset by improved results out of most of the other businesses in this segment, consistent with higher oilfield activity levels, at good incremental profitability. Pro forma first quarter revenues for this segment were \$402 million, in line with the fourth quarter. Year-over-year pro forma first quarter revenue increased 26%, at 21% operating leverage.

#### **Distribution Services**

The Distribution Services segment provides maintenance, repair and operating supplies to drilling and production operations around the world, employing advanced information technologies to provide complete procurement, inventory management and logistics services to our customers. First quarter revenues and operating profit of \$235.9 million and \$7.6 million for this group were flat sequentially, as increased revenues in the United States and Canada were offset by a decline in international sales. Year-over-year pro forma first quarter revenue rose 8%, at 12% operating leverage.

Pete Miller, President and CEO of National Oilwell Varco, stated "The merger positioned our Company exceptionally well to benefit from the tremendous demand we see developing in the oilfield. Our level of new orders in the quarter is a clear indication of the trust our customers have in our ability to deliver the products and technology needed to keep the petroleum industry functioning around the world.

"I am very excited about the vigorous start to our integration efforts which should result in improved margins over the next few quarters. The combination of merger-related synergies, the rising flow of revenues out of our growing backlog, and the turnaround of first-half seasonal factors, are expected to lead to improved results in the back half of the year."

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The Company has scheduled a conference call today at 10:00 a.m. Central Time to discuss first quarter results. The call will be broadcast through the Investor Relations link on National Oilwell Varco's web site at www.natoil.com, and a replay will be available on the site for thirty days following the conference. Participants may also join the conference call by dialing 303-262-2131 five to ten minutes prior to the scheduled start time.

National Oilwell Varco is a worldwide leader in the design, manufacture and sale of equipment and components used in oil and gas drilling and production operations, the provision of oilfield services, and supply chain integration services to the upstream oil and gas industry.

Statements made in this press release that are forward-looking in nature are intended to be "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934 and may involve risks and uncertainties. These statements may differ materially from actual future events or results. Readers are referred to documents filed by National Oilwell Varco with the Securities and Exchange Commission, including the Annual Report on Form 10-K, which identify significant risk factors which could cause actual results to differ from those contained in the forward-looking statements.

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#### National Oilwell Varco, Inc. Quarterly Consolidated Statements of Income (Unaudited) (In millions, except per share data)

		Three Months Ended March 31, 2005 2004			
				2004	
Revenue:					
Rig Technology	\$	424.4	\$	204.6	
Petroleum Services & Supplies		209.1		115.7	
Distribution Services		235.9		218.1	
Eliminations		(54.5)		(42.2)	
Total Revenue		814.9		496.2	
Gross Profit		161.8		103.6	
Gross Profit %		19.9%		20.9%	
Selling, general, and administrative		85.0		77.8	
Transaction costs		10.9			
Operating Profit		65.9		25.8	
Interest and financial costs		(10.7)		(9.3)	
Interest income		1.0		0.6	
Other income (expense), net		(0.7)		(1.3)	
Income before income taxes and minority interest		55.5		15.8	
Provision for income taxes		19.5		4.6	
Income before minority interest		36.0		11.2	
Minority interest in income of consolidated subsidiaries		0.4		0.2	
Net income	\$	35.6	\$	11.0	
Net income per share:					
Basic	\$	0.34	\$	0.13	
Diluted	\$	0.33	\$	0.13	
Weighted average shares outstanding:					
Basic	·	105.3		85.4	
Diluted		106.6		85.9	
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#### National Oilwell Varco, Inc. Consolidated Balance Sheets (In millions, except per share data)

Gondvill (analysis)         2,085,3         639, 639, 639, 639, 639, 639, 639, 639,		1	March 31, 2005		December 31, 2004	
Current Asserts         \$ 295.1         \$ 142           Receivables, net         877.8         480           Inventories, net         152.0         657.           Costs in excess of billings         248.8         226.           Deferred income taxes         24.1         15.           Prepeal and other current assers         49.1         15.           Total current assers         49.1         15.           Property, plant and equipment, net         33.2         255.           Deferred income taxes         84.4         55.           Goodwill         2,085.3         639.           Intergibles, net         30.4         15.           Other assets         40.4         1.           Other assets         56.2         20.           ELABLITIES AND STOCKHOLDER'S EQUITY         TURRENT Liabilities         5.2         20.           Current portion of long-term debt         \$ 16.2         \$ 150.         40.4         1.         40.7         40.4         1.         40.7         40.4         1.         40.7         40.4         1.         40.7         40.4         1.         40.7         40.4         1.         40.4         1.         4.         1.         40.4         1.<	A COLLIEG	J)	Unaudited)			
Cash and cash equivalents         \$ 295.1         \$ 142.           Receivables, er         1,052.0         657.           Costs in excess of billings         226.         657.           Costs in excess of billings         223.4         155.           Prepaid and other current assets         234.0         155.           Total current assets         392.8         255.           Deferred income taxes         84.4         55.           Codo-will         2,085.3         633.           Income taxes         34.6         55.           Cofficial income taxes         84.4         55.           Codo-will         2,085.3         633.           Income taxes         14.4         15.           Cofficial income taxes         44.5         55.           Deferred income taxes         44.5         55.           Deferred income taxes         14.4         15.           Other asset         56.2         20.           Topperty held for sale         15.1         20.           Current Liabilities         56.2         20.           Current Liabilities         51.2         20.           Current Liabilities         30.5         27.           Current porti						
Receivables, ner         49.0         65.7         75.7		¢	20E 1	¢	142.7	
Inventories, net		Þ		Ф		
Costs in excess of billings         248.8         226.           Deferred income taxes         43.1         15.           Prepaid an Other current assets         2546.2         1,537.           Property, plant and equipment, net         93.28         255.           Deferred income taxes         844         55.           Goodwill         2,085.3         639.           Intragibles, net         0,4         11.           Other assets         35.6         20.           Expoperty held for sale         0,4         11.           Other assets         35.6         20.           LIABILITIES AND STOCKHOLDERS' EQUITY           Current portion of long-term debt         \$16.0         \$15.0           Accounts payable         \$16.0         \$15.0           Accusioner prepayments         30.8         37.           Accured compensation         30.8         37.           Accured income taxes         36.1         33.           Accured income taxes         36.1         33.           Other accured liabilities         214.9         112.           Total current liabilities         38.3         35.           Deferred income taxes         375.1         10.						
Defered income taxes         23.4         15.5           Prepaid and other current assets         25.6c         1,537.           Total current assets         2,546.2         1,537.           Property, plant and equipment, net         393.8         2,55.           Deferred income taxes         84.4         55.           Goodwill         2,085.3         63.8           Intangibles, net         51.6         91.           Property pled for sale         0.4         1.           Other assets         56.236.9         2,598.           LIABILITIES AND STOCKHOLDERS' EQUITY           Urrent Liabilities:         51.0         150.           Current portion of long-term debt         516.2         150.           Accounts payable         511.7         407.           Accounted compensation         30.8         37.           Accorded compensation         30.8         37.           Accured compensation         30.8         37.           Accured liabilities         31.1         33.           Other accured liabilities         375.1         102.           Deferred income taxes         375.1         102. <td></td> <td></td> <td></td> <td></td> <td></td>						
Prepaid and other current assets         49,1         15,5           Total current assets         2,546.2         1,537.           Property, plant and equipment, net         932.8         25,5           Goodwill         84.4         55.           Goodwill         516.6         531.6         69.           Property held for sale         0.4         1.           Other assets         56.2         2.0           LIABILITIES AND STOCKHOLDERS' EQUITY           Current Liabilities           Current portion of long-term debt         51.6         \$ 15.0         \$ 15.0           Accounts payable         51.1         407         407           Customer prepayments         30.8         37         12           Accounts payable         51.1         40         40           Customer prepayments         30.8         37         22           Accured income taxes         30.8         37         32           Accured dompensation         30.8         37         32           Other accuted liabilities         21.9         12         12           Total current liabilities         31.5         30         30           Deferred income taxes </td <td></td> <td></td> <td></td> <td></td> <td></td>						
Total current assets         2,546.2         1,537.           Property, plant and equipment, net         932.8         255.           Deferred income taxes         84.4         55.           Goodwill         2,085.3         639.           Intangibles, net         531.6         91.           Property plelf for sale         0.4         1.           Other assets         56.2         20.           LIABILITIES AND STOCKHOLDERS' EQUITY           Current portion of long-term debt         \$ 162.0         \$ 150.           Accounts payable         \$ 162.0         \$ 150.           Accrued compensation         30.5         27.           Accrued income taxes         36.1         33.           Other accrued liabilities         31.1         32.           Total current liabilities         214.9         112.           Total current liabilities         383.1         350.           Long-term debt         883.3         350.           Long-term debt         883.3         350.           Lorder income taxes         375.1         102.           Other liabilities         2,287.1         1,284.           Commitments and contingencies           Minorit						
Property, plant and equipment, net         332.8         255.           Deferred income taxes         84.4         55.           Goodwill         2,085.3         639.           Intangibles, net         316.         91.           Property held for sale         0.4         1.           Other assets         56.2         20.           LIABILITIES AND STOCKHOLDERS' EQUITY           Current Liabilities:           Current portion of long-tern debt         \$16.0         \$15.0           Accounts payable         51.7         407.           Customer prepayments         30.5         27.           Accrued compensation         30.8         37.           Billings in excess of costs         3.1         32.           Accrued income taxes         36.1         33.           Accrued income taxes         36.1         33.           Long-term debt         83.8         35.           Deferred income taxes         375.1         102.           Other liabilities         375.1         102.           Commitments and contingencies         375.1         102.           Minority interest         17.         0.           Coxkholders' equity.				<u> </u>		
Defered income taxes         84,4         55,           Goodwill         2,065,3         639,           Intangibles, net         0,14         1.1           Other assets         56,2         20,           LIABILITIES AND STOCKHOLDERS' EQUITY           Current Liabilities         \$ 16,2,3         \$ 150,           Current portion of long-term debt         \$ 162,0         \$ 150,           Accounts payable         511,7         407,           Customer prepayments         30,5         27,           Accoud compensation         30,8         37,           Billings in excess of costs         31,1         33,           Accrued income taxes         36,1         33,           Other accrued liabilities         36,1         33,           Total current liabilities         88,3         350,           Deferred income taxes         375,1         102,           Other liabilities         38,1         36,           Total current liabilities         375,1         102,           Total liabilities         375,1         102,           Other liabilities         37,1         102,           Total liabilities         17,2         17,	Total current assets		2,546.2		1,537.4	
Defered income taxes         84,4         55,           Goodwill         2,065,3         639,           Intangibles, net         0,14         1.1           Other assets         56,2         20,           LIABILITIES AND STOCKHOLDERS' EQUITY           Current Liabilities         \$ 16,2,3         \$ 150,           Current portion of long-term debt         \$ 162,0         \$ 150,           Accounts payable         511,7         407,           Customer prepayments         30,5         27,           Accoud compensation         30,8         37,           Billings in excess of costs         31,1         33,           Accrued income taxes         36,1         33,           Other accrued liabilities         36,1         33,           Total current liabilities         88,3         350,           Deferred income taxes         375,1         102,           Other liabilities         38,1         36,           Total current liabilities         375,1         102,           Total liabilities         375,1         102,           Other liabilities         37,1         102,           Total liabilities         17,2         17,	Property, plant and equipment, net		932.8		255.1	
Goodwill Intagibles, net Intagibles, ne					55.1	
Intengibles, net         531.6         91.           Property held for sale         0.4         1.           Other assets         56.23         2.0           LIABILITIES AND STOCKHOLDERS' EQUITY           Current Dortion of long-term debt         \$ 162.0         \$ 150.           Accounts payable         511.7         407.           Accounts payables         30.5         27.           Account grepayaments         30.8         37.           Accrued compensation         30.8         37.           Billings in excess of costs         36.1         33.           Accrued income taxes         36.1         33.           Other accrued liabilities         214.9         112.           Total current liabilities         88.3         35.           Deferred income taxes         375.1         102.           Other liabilities         84.6         31.           Total liabilities         84.6         31.           Total liabilities         17.2         17.           Commitments and contingencies         37.1         12.           Stockholders' equity:         37.1         17.           Cox Additional paid-in capital         1.7         0.						
Property held for sale         0.4         1.           Other assets         56.2         2.00           LIABILITIES AND STOCKHOLDERS' FQUITY           Current Liabilities:           Current portion of long-term debt         \$ 16.2.0         \$ 150.0           Accounts payable         511.7         407.           Customer prepayments         30.5         27.           Accoud compensation         30.8         37.           Billings in excess of costs         36.1         33.           Accrued income taxes         36.1         33.           Other accrued liabilities         36.1         33.           Total current liabilities         83.3         350.           Long-term debt         83.3         350.           Deferred income taxes         37.5         10.0           Uber liabilities         84.6         31.           Total liabilities         37.5         12.8           Commitments and contingencies           Total complexity interest         17.2         17.           Control individual contingencies           Total contingencies           Common stock—par value \$0.1; 71,483,506 and 8,9995,266 shares issued and outstanding at March					91.0	
Other assets         56.2         2.0           LIABILITIES AND STOCKHOLDERS' EQUITY           Current Liabilities:           Current portion of long-term debt         \$ 162.0         \$ 150.           Accounts payable         511.7         407.           Customer prepayments         30.5         27.           Accrued compensation         30.8         37.           Billings in excess of costs         3.1         32.           Accrued income taxes         36.1         33.           Other accrued liabilities         214.9         111.2           Total current liabilities         883.3         350.           Long-term debt         838.3         350.           Deferred income taxes         375.1         102.           Other liabilities         84.6         31.           Total liabilities         2,287.1         1,284.           Commitments and contingencies           Minority interest         17.2         17.           Stockholders' equity:           Common stock — par value \$.01; 171,483,506 and 85,995,266 shares issued and outstanding at March 31, 2004         1,7         0,0           Additional paid-in capital         3,307.8         692.           A					1.1	
Current Liabilities:   Current portion of long-term debt   \$ 162.0   \$ 150.     Accounts payable   \$ 162.0   \$ 150.     Customer prepayments   \$ 30.5   2.7.     Accrued compensation   30.8   37.     Billings in excess of costs   3.1   32.     Accrued liabilities   36.1   33.     Other accrued liabilities   36.1   36.1     Total current liabilities   38.1   300.     Long-term debt   838.3   350.     Deferred income taxes   36.1   31.     Total current liabilities   375.1   102.     Other liabilities   375.1   102.     Othe					20.0	
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Customer prepayments       30.5       27.         Accrued compensation       30.8       37.         Billings in excess of costs       3.1       32.         Accrued income taxes       36.1       33.         Other accrued liabilities       214.9       112.         Total current liabilities       88.3       350.         Long-term debt       838.3       350.         Deferred income taxes       375.1       102.         Other liabilities       84.6       31.         Total liabilities       84.6       31.         Commitments and contingencies       17.2       17.         Stockholders' equity:       2       17.2       17.         Stockholders' equity:       2       17.       0.         Additional paid-in capital       3,307.8       692.         Accumulated other comprehensive loss       18.3       33.         Accumulated other comprehensive loss       18.3       36.         Retained earnings       604.8       569.         3,932.6       1,296.		Þ		Ф		
Accrued compensation       30.8       37.         Billings in excess of costs       3.1       32.         Accrued income taxes       36.1       33.         Other accrued liabilities       214.9       112.         Total current liabilities       888.3       350.         Deferred income taxes       375.1       102.         Other liabilities       84.6       31.         Total liabilities       2,287.1       1,284.         Commitments and contingencies         Minority interest       17.2       17.         Stockholders' equity:       2       17.       0.         Common stock — par value \$.01; 171,483,506 and 85,995,266 shares issued and outstanding at March 31, 200 and December 31, 2004       1.7       0.         Additional paid-in capital       3,307.8       692.         Accumulated other comprehensive loss       18.3       33.         Retained earnings       604.8       569.         3,932.6       1,296.						
Billings in excess of costs         3.1         32.           Accrued income taxes         36.1         33.           Other accrued liabilities         214.9         112.           Total current liabilities         989.1         800.           Long-term debt         838.3         350.           Deferred income taxes         375.1         102.           Other liabilities         84.6         31.           Total liabilities         2,287.1         1,284.           Commitments and contingencies         17.2         17.           Stockholders' equity:         2         17.         17.           Stockholders' equity:         1.7         0.						
Accrued income taxes       36.1       33.         Other accrued liabilities       214.9       112.         Total current liabilities       989.1       800.         Long-term debt       838.3       350.         Deferred income taxes       375.1       102.         Other liabilities       84.6       31.         Total liabilities       2,287.1       1,284.         Commitments and contingencies         Minority interest       17.2       17.         Stockholders' equity:         Common stock — par value \$.01; 171,483,506 and 85,995,266 shares issued and outstanding at March 31, <ul> <li>2005 and December 31, 2004</li> <li>1.7             0.         Additional paid-in capital       3,307.8             692.         Accumulated other comprehensive loss             18.3             33.         Retained earnings             604.8             569.               3,932.6             1,296.</li></ul>						
Other accrued liabilities       214.9       112.         Total current liabilities       880.       800.         Long-term debt       838.3       350.         Deferred income taxes       375.1       102.         Other liabilities       84.6       31.         Total liabilities       2,287.1       1,284.         Commitments and contingencies         Minority interest       17.2       17.         Stockholders' equity:         Common stock — par value \$.01; 171,483,506 and 85,995,266 shares issued and outstanding at March 31,						
Total current liabilities       989.1       800.         Long-term debt       838.3       350.         Deferred income taxes       375.1       102.         Other liabilities       84.6       31.         Total liabilities       2,287.1       1,284.         Commitments and contingencies         Minority interest       17.2       17.         Stockholders' equity:         Common stock — par value \$.01; 171,483,506 and 85,995,266 shares issued and outstanding at March 31,         2005 and December 31, 2004       1.7       0.         Additional paid-in capital       3,307.8       692.         Accumulated other comprehensive loss       18.3       33.         Retained earnings       604.8       569.         3,932.6       1,296.						
Long-term debt       838.3       350.         Deferred income taxes       375.1       102.         Other liabilities       84.6       31.         Total liabilities       2,287.1       1,284.         Commitments and contingencies         Minority interest       17.2       17.         Stockholders' equity:         Common stock — par value \$.01; 171,483,506 and 85,995,266 shares issued and outstanding at March 31, 2005 and December 31, 2004       1.7       0.         Additional paid-in capital       3,307.8       692.         Accumulated other comprehensive loss       18.3       33.         Retained earnings       604.8       569.         Retained earnings       604.8       569.						
Deferred income taxes       375.1       102.         Other liabilities       84.6       31.         Total liabilities       2,287.1       1,284.         Commitments and contingencies         Minority interest       17.2       17.         Stockholders' equity:         Common stock — par value \$.01; 171,483,506 and 85,995,266 shares issued and outstanding at March 31,         2005 and December 31, 2004       1.7       0.         Additional paid-in capital       3,307.8       692.         Accumulated other comprehensive loss       18.3       33.         Retained earnings       604.8       569.         3,932.6       1,296.	Total current habilities		989.1		800.2	
Deferred income taxes       375.1       102.         Other liabilities       84.6       31.         Total liabilities       2,287.1       1,284.         Commitments and contingencies         Minority interest       17.2       17.         Stockholders' equity:         Common stock — par value \$.01; 171,483,506 and 85,995,266 shares issued and outstanding at March 31,         2005 and December 31, 2004       1.7       0.         Additional paid-in capital       3,307.8       692.         Accumulated other comprehensive loss       18.3       33.         Retained earnings       604.8       569.         3,932.6       1,296.	Long-term debt		838 3		350.0	
Other liabilities       84.6       31.         Total liabilities       2,287.1       1,284.         Commitments and contingencies         Minority interest       17.2       17.         Stockholders' equity:         Common stock — par value \$.01; 171,483,506 and 85,995,266 shares issued and outstanding at March 31,         2005 and December 31, 2004       1.7       0.         Additional paid-in capital       3,307.8       692.         Accumulated other comprehensive loss       18.3       33.         Retained earnings       604.8       569.         3,932.6       1,296.						
Total liabilities       2,287.1       1,284.         Commitments and contingencies         Minority interest       17.2       17.         Stockholders' equity:					31.5	
Commitments and contingencies         Minority interest       17.2       17.         Stockholders' equity:						
Minority interest       17.2       17.         Stockholders' equity:       Common stock — par value \$.01; 171,483,506 and 85,995,266 shares issued and outstanding at March 31, 2005 and December 31, 2004       1.7       0.         Additional paid-in capital       3,307.8       692.         Accumulated other comprehensive loss       18.3       33.         Retained earnings       604.8       569.         3,932.6       1,296.	Total Habilities		2,207.1		1,204.5	
Minority interest       17.2       17.         Stockholders' equity:       Common stock — par value \$.01; 171,483,506 and 85,995,266 shares issued and outstanding at March 31, 2005 and December 31, 2004       1.7       0.         Additional paid-in capital       3,307.8       692.         Accumulated other comprehensive loss       18.3       33.         Retained earnings       604.8       569.         3,932.6       1,296.	Commitments and contingencies					
Stockholders' equity:         Common stock — par value \$.01; 171,483,506 and 85,995,266 shares issued and outstanding at March 31,       1.7       0.         Additional paid-in capital       3,307.8       692.         Accumulated other comprehensive loss       18.3       33.         Retained earnings       604.8       569.         3,932.6       1,296.						
Common stock — par value \$.01; 171,483,506 and 85,995,266 shares issued and outstanding at March 31,2005 and December 31, 20041.70.Additional paid-in capital3,307.8692.Accumulated other comprehensive loss18.333.Retained earnings604.8569.3,932.61,296.	Minority interest		17.2		17.8	
Common stock — par value \$.01; 171,483,506 and 85,995,266 shares issued and outstanding at March 31,2005 and December 31, 20041.70.Additional paid-in capital3,307.8692.Accumulated other comprehensive loss18.333.Retained earnings604.8569.3,932.61,296.						
2005 and December 31, 2004       1.7       0.         Additional paid-in capital       3,307.8       692.         Accumulated other comprehensive loss       18.3       33.         Retained earnings       604.8       569.         3,932.6       1,296.	Stockholders' equity:					
Additional paid-in capital       3,307.8       692.         Accumulated other comprehensive loss       18.3       33.         Retained earnings       604.8       569.         3,932.6       1,296.	Common stock — par value \$.01; 171,483,506 and 85,995,266 shares issued and outstanding at March 31,					
Accumulated other comprehensive loss       18.3       33.         Retained earnings       604.8       569.         3,932.6       1,296.					0.9	
Retained earnings       604.8       569.         3,932.6       1,296.			3,307.8		692.9	
3,932.6 1,296.			18.3		33.4	
	Retained earnings		604.8		569.2	
			3,932.6		1,296.4	
		\$		\$	2,598.7	
		_				
- more -	- more -					

## National Oilwell Varco, Inc. Operating Profit — Pro Forma Supplemental Schedule (Unaudited) (In millions)

	 Three Months Ended				
	March 31,			December 31,	
	 2005		2004		2004
Revenue:					
Rig technology	\$ 543.3	\$	343.2	\$	526.4
Petroleum services and supplies	402.0		319.5		399.6
Distribution services	235.9		218.1		235.3
Eliminations	(58.4)		(42.2)		(49.3)
Total Revenue	\$ 1,122.8	\$	838.6	\$	1,112.0
	 			_	
Operating profit:					
Rig technology	\$ 61.3	\$	18.1	\$	65.7
Petroleum services and supplies	63.6		45.9		66.4
Distribution services	7.6		5.5		9.0
Unallocated expenses and eliminations	(22.0)		(11.5)		(18.9)
Total operating profit (before transaction costs)	\$ 110.5	\$	58.0	\$	122.2
Operating profit %:					
Rig technology	11.3%		5.3%		12.5%
Petroleum services and supplies	15.8%		14.4%		16.6%
Distribution services	3.2%		2.5%		3.8%
Other unallocated	 _				_
Total operating profit % (before transaction costs)	9.8%		6.9%		11.0%

Note: The unaudited pro forma results represent the combined estimated financial results for National-Oilwell, Inc. and Varco International, Inc. as if the merger occurred at the beginning of each period presented. The results include the estimated effect of purchase accounting adjustments, but do not include any effect from cost savings that may result from the merger and do not include restructuring charges, litigation gains and transaction-related costs in prior periods. The unaudited pro forma financial statements are presented for informational purposes only and are not necessarily indicative of actual results of operations or financial position that would have occurred had the transaction been consummated at the beginning of the period presented, nor are they necessarily indicative of future results.

# National Oilwell Varco, Inc. Pro forma Reconciliation Excluding Transaction Costs (Unaudited) (In millions, except per share data)

	March 31, 2005
Reconciliation of EBITDA before transaction costs (Note 1):	
GAAP net income	\$ 35.6
Provision for income taxes	19.5
Interest expense	10.7
Depreciation and amortization	16.3
Transaction costs	10.9
EBITDA before transaction costs (Note 1)	\$ 93.0
Reconciliation of GAAP net income before transaction costs (Note 2):	
GAAP net income	\$ 35.6
Transaction costs, net of tax	8.7
Net income before transaction costs (Note 2)	\$ 44.3
Weighted average dilutive shares outstanding	106.6
Dilutive earnings per share before transaction costs	\$ 0.42

Note 1: EBITDA before transaction costs means earnings before interest, taxes, depreciation, amortization, and transaction costs, and is a non-GAAP measurement. Management uses EBITDA before transaction costs because it believes it provides useful supplemental information regarding the Company's on-going economic performance and, therefore, uses this financial measure internally to evaluate and manage the Company's operations. The Company has chosen to provide this information to investors to enable them to perform more meaningful comparisons of operating results and as a means to emphasize the results of on-going operations.

Note 2: The Company believes that reporting net income and dilutive EPS excluding transaction costs provides useful supplemental information regarding the Company's on-going economic performance and, therefore, uses this financial measure internally to evaluate and manage the Company's operations. The Company has chosen to provide this information to investors to enable them to perform more meaningful comparisons of operating results and as a means to emphasize the results of on-going operations.

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