



National-Oilwell, Inc. And Pep, Inc. Announce Signing Of Letter Of Intent

April 14, 1997

HOUSTON, TX, April 14, 1997 - National-Oilwell, Inc. (NOI/NYSE) today announced the signing of a letter of intent, subject to a definitive agreement, to purchase 100% of the common stock of PEP, Inc. (a manufacturer of petroleum expendable products) for an undisclosed number of National-Oilwell shares. The transaction is expected to be a tax-free exchange and be recorded in accordance with the pooling of interests method of accounting. The companies expect to sign a definitive agreement and close the transaction by the end of May.

PEP manufactures and provides a variety of drilling mud pump expendable components with an emphasis on replacement fluid end modules and ceramic liners for all major manufacturers' mud pumps. These components, which come into contact with abrasive drilling fluids, are replaced at regular intervals to ensure maximum pump performance. PEP manufactures these components at its Odessa, Texas facility.

Joel Staff, Chairman, President and CEO, stated "Consistent with our growth strategy, National-Oilwell's Mission Fluid King (MFK) and PEP make an excellent combination, enhancing our ability to provide critical products and services to our drilling contractor customers. Both MFK and PEP manufacture and distribute high quality expendable pump components for land and offshore drilling rigs. We also believe certain of our products that are currently outsourced can be efficiently manufactured at PEP's Odessa facility, thereby lowering our production costs."

National-Oilwell is a worldwide leader in the design, manufacture and sale of machinery and equipment and in the distribution of maintenance, repair and operating products used in oil and gas drilling and production. The company's machinery and equipment include drawworks, mud pumps and power swivels, which are the major mechanical components of rigs used to drill oil and gas wells. Many of these components are designed specifically for applications in offshore, extended reach and deep land drilling. The company distributes products and provides services from a network of approximately 120 service centers and from its Houston headquarters.